FINANCIAL TIMES





Green reporting How companies measure up

Environment, Page 9



Offshore moves

Hanoi sets a test for Beijing

The Humber

Astride Europe's trade routes

Survey, Pages 10-11

World Business Newspaper

WEDNESDAY APRIL 17 1996

Britain to take EU to court over ban on beef exports

The British government announced plans to challenge the European Union's worldwide ban on UK beef exports in the courts, as it unveiled measures worth over £900m (\$1.36bn) to support the industry following the crisis over BSE. Page 16; Cut on the menu, Page 15

UK telecoms chiefs join merger talks: Top executives from British Telecommunications and Cable and Wireless have joined month-old talks which could lead to a merger between the companies. Page 17

G7 to reject world debt plan: The Group of Seven leading industrial countries is set to tell the World Bank and the International Monetary Fund their proposal to tackle the debt of the world's poorest countries places too much of the onus for action on individual governments. Page 4

French art collector fights export ban: The family of a French art collector fighting state controls on the export of historic paintings is considering taking the government to the European Court of Human Rights. Page 2

EBRD urged to aid Ukraine N-plants: The Group of Seven western industrial countries is pressing the European Bank for Reconstruction and Development to play a lead role in financing the \$1bn completion of two nuclear reactors in Ukraine.

VA Tech income Jumps 37%: Austrian plant engineering group VA Tech lifted net income 37 per cent last year from Sch979m to Sch1.34bn (\$126m).

Kazakhstan to cut tariffs: Kazakhstan will slash import duties on a wide range of products from tomorrow, easing trade relations with the west but straining a fragile new customs union with Russia and other neighbours. Page 5

Music sales total nearty \$40bm: The International Federation of the Phonographic Industry said global music market sales rose by 10 per cent to just under \$40bn last year. Page 5

Chrysler, the smallest of the three big US car and truck makers, produced record first-quarter profits of more than \$1bn after tax. Vehicle production rose 5 per cent to 753,176 and revenues jumped to \$15bn, helped by the success of its biggest-selling vehicle, a minivan launched last year. Page 17

Overseas sales lift Philip Morris: The growing international popularity of American style cigarettes helped Philip Morris, biggest US tobacco company, increase net income by 15 per cent to \$1.6bn in the first quarter. Page 24; Lex. Page 16

Beijing rules confuse news groups: Foreign news agencies supplying economic information in China are confused about controversial regulations introduced by Beijing which are aimed at controlling their activities. Page 6

Eastman Kodak raised first-quarter net earnings by 5 per cent to \$274m after unexpected strength in consumer products. The company also announced a \$2bn stock buy-back programme. Page 24

Austria to allow Habsburgs' return: Austria scrapped a law ending nearly 80 years of exile for the Habsburg imperial family imposed in 1919 after the defeat of the Austro-Hungarian empire in the first world war. Two sons of the last emperor, Karl I, have lived in Brussels since he fled in 1918.

Ukrainian admits 40 murders: An 37-year-old unemployed man from Lvov, west Ukraine, has con-fessed to the murders of at least 40 people throughout the country, including eight families, most shot in their homes which were then razed by fire.

Duke and Duchess of York to dive



Prince Andrew, the second son of Britain's Queen Elizabeth II, and his wife Sarah are to divorce. The Duke and Duchess of York (above), both 36, separated in 1992 after six years of marriage. They have two daughters, Princess Beatrice and Princess

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O THE FINANCIAL TIMES LIMITED 1996 No 32,960

President Clinton and South Korean president Kim Young-sam pass by the US flag on their way to a press conference yesterday Plant

Washington, Seoul in call for Korean peace treaty talks

The US and South Korea yester-day proposed a conference with North Korea and China to negotiate a peace treaty ending the 1950-53 Korean war.

The proposal came nearly two veeks after North Korea declared it would no longer observe the 1953 armistice.

The North Korean action was seen as an attempt to press the US to conclude a peace treaty that would end Pyongyang's diplomatic isolation with the west as it seeks foreign aid.

Mr Bill Clinton, the US president, said Washington would not sign a separate peace treaty with North Korea as desired by Pyongyang.

"Establishing a peace is the responsibility of the Korean people, North and South. The US will support and facilitate the peace process," he said on the southern resort island of Cheju after meeting South Korean President Kim Young-sam.

North Korea, which was informed of the four-party proposal on Sunday, has not yet responded and Mr Clinton said he did not expect an immediate answer. "But I think it's important we put this offer out there.

Analysts believe North Korea's

demand for a separate peace pact with the US is meant to create a split in the defence alliance between Washington and Seoul and force the withdrawal of 37,000 US troops from South Korea.

China, which has criticised North Korea's efforts to nullify the armistice, has "responded with understanding" to the new proposal, US officials said. North Korea and China signed

the 1953 armistice with the US. which was acting on behalf of UN forces that fought against the

Editorial Comment

communist powers. China's first public response to the proposal was neutral. "Being a signatory to the armistice agreement, China is willing to play its due constructive role," a foreign min-

istry spokesman said.

The proposed inclusion of China in the peace process is meant to put more pressure on North Korea to agree to the talks, since Beijing remains Pyongyang's closest ally.

Inclusion of China is seen as a gesture by Washington to repair its ties with Beijing following

recent tensions over Taiwan. Mr Clinton has sought to quell South Korean suspicions that the US might have separate negotiations with North Korea while Pyongyang avoids official talks with Seoul. This had become a source of friction between the two allies.

A resumption of talks between North and South Korea would satisfy one of the key US conditions for establishing a liaison office in Pyongyang, which could provoke a dispute between Washington and Seoul.

US officials gave much of the credit for the peace initiative to South Korea, which proposed the idea in February.

They denied the four-party plan was the result of North Korea's recent intrusions into the demilitarised zone following its declaration that it would not

obey the armistice. In Moscow the Itar-Tass news agency reported Mr Song Sung Pil, North Korean ambassador to Russia, as saying of the proposal that his country needed no medi-ators to establish a new security

system on the Korean peninsula.
The Clinton-Kim initiative was welcomed elsewhere in the region. Mr Ryutaro Hashimoto, the Japanese prime minister, said the four-way talks would be a

supports Studer to defy main investor

By Ian Rodger in Zurich

Shareholders of Union Bank of Switzerland yesterday rejected a call by the bank's largest shareholder to block the election of Mr Robert Studer, former chief executive, as its new chairman. Mr Studer's win, with 62.7 per

cent of the votes cast, was stronger than most analysts expected, but will probably not be enough to convince Mr Martin Ebner, maverick Zurich broker, to end his four-year campaign for better performance at UBS.

Mr Kurt Schiltknecht. Mr Ebner's closest associate, said after the meeting that his group was pleased to have attracted 11m of the 30m votes cast, given the large number of proxies that were held by the bank. Mr Ebner also adopted a posi-

tive tone, saying he was impressed with the greater awareness of shareholder interests displayed by UBS leaders.

The result confirmed there was substantial dissatisfaction among shareholders about the bank's strategy and leadership.

Mr Studer said he was "very happy" that a majority of share-holders had shown confidence in him. He also said the board was "always ready to talk" to Mr Ebner although the fact that Mr Ebner has filed criminal charges against him meant the conditions were not as good as they might be. He said he hoped the bank could get back to normal working conditions so it could concentrate all its resources on running the business.

Until last week, most Zurich analysts believed the vote was too close to call. However, the revelation that CS Holding had proposed a merger with UBS altered the Swiss environment. There was widespread alarm about job losses if such a merger occurred, and UBS directors won

much support when they rethe proposal last Thursday. Several shareholders, includworried about the security of their jobs, praised the board at yesterday's meeting for prefer-

ring the path of independence and urged Mr Studer's election.

Votes do the talking, Page 18

Lebanon may reject US plan to end attacks

By David Gardner in Belrut

Lebanon yesterday appeared likely to reject a six-point ceasefire proposal drafted by the US and Israel to end Israel's offensive against pro-Iranian Hizbollah guerrillas in Lebanon. The air and artillery attacks

gees and damaged the Lebanese Mr Rafik al-Hariri, Lebanese prime minister, gave an initial negative response to the tenta-

have created thousands of refu-

tive proposals, saying "there is a difficulty accepting it in its current form". Israel welcomed the proposal while intensifying its bombard-

ment, firing rockets on Behrut for the fifth time in the six-day-old offensive. It also targeted a large Palestinian refugee camp south The US-Israeli ceasefire plan

was an attempt to rebuff independent efforts by France to arrange a deal in the region with the support of Syria, Lehanon and Iran. It drew heightened criticism of Israeli actions from Paris.

According to diplomats, the proposals call on Lebanon to guarantee the safety of Israeli residents in northern Israel and seek to end attacks by Hizbollah on Israeli soldiers who illegally occupy a large part of southern

It would also set in train the disarmament of Hizbollah guer-rillas in return for an Israeli commitment to pull out of Lebanon. Mr Shimon Peres, the Israeli prime minister, has said Israel would consider beginning a withdrawal from southern Lebanon if Beirut and Damascus could first guarantee a nine-month period of absolute peace. The draft agreement also calls for Syria to guarantee the ceasefire and establishes a new mechanism to

The US-Israeli draft goes far beyond a revival of the 1993 agreement that Syria, France and Lebanon have publicly endorsed in the past few days. It is also a

Continued on Page 16 Forcing Syria's hand, Page 4 | church, Mr Yeltsin made an on

Arts Guide

World Trace News LIK News

RJR Nabisco repels raid by LeBow

RJR Nabisco, the US tobacco and food group, yesterday emerged triumphant in its battle to feud off a corporate raid after Mr Bennett LeBow, the US financier who had been stalking the group, con-

On the eve of RJR Nabisco's annual meeting today at which the struggle would have reached its climax. Mr LeBow acknowledged he did not have enough shareholder support to elect his alternative slate of directors to RJR Nabisco's board.

RJR Nabisco's victory in the acrimonious feud puts an end to Mr LeBow's plans to seize effective control of the company and

Nabisco food business. However, Mr LeBow said he and his partner Mr Carl Icahn

would retain their 5.8 per cent-stake in RJR Nabisco and would continue to press for a spin-off of the food business. The result also dashes Mr LeBow's hopes of engineering a merger between RJR Nabisco's tobacco business and Liggett, a

poorly performing US tobacco company that Mr LeBow controls through Brooke Group, his investment vehicle. RJR Nabisco did not want to

comment until the final count had been taken, but said it was sed" at expressions of "very ple

Mr LeBow RJR Nabisco nearly a year ago. After it rejected his overture, Mr LeBow launched a proxy fight in which he adopted the role of a sharebolder rights activist. To try to boost his chances, Mr

LeRow also presented himself as a saviour of the tobacco industry by signing a controversial settlement with US anti-tobacco litigants. But the move backfired when the deal was seen as opening the way for a tidal wave of further litigation, causing a slump in tobacco stocks.

Yesterday Mr LeBow took credit for forcing RJR Nabisco to raise its dividend and launch a stock buy-back programme. He also claimed responsibility for pects for an industry-wide settlement over the litigation facing US tobacco companies. . . He said: "It is now possible to speak rationally and construc-

tively about a new economic model for the tobacco business something we believe is essential, but was unspeakable within the industry just a few weeks Mr LeBow's defeat follows Chrysler's success in fending off a proxy fight launched by Mr Kirk Kerkorian, another US corporate raider. But other struggles loom: some former associates of the corporate raider Mr Carl Icahn, for example, are pressing Woolworth, the US retailer, to spin off some of its operations.

WHEN WE INVEST IN

A COMPANY

WE'RE NOT INTERESTED

IN ITS WORTH.

Yeltsin keeps the red flag flying in pursuit of votes

By Chrystia Freeland in Moscow and Dmitry Volkov in Krasnodar

Russian president Boris Yeltsin vesterday hit the campaign trail with a platform heavily borrowed from his communist rivals

including their flag.
The Russian leader signed a decree which restores the Soviet era red flag as one of the official emblems of post-communist Russia. The red banner, with a fivepointed star in the corner but without the hammer and sickle, is expected to be displayed promi nently on May 9, the day the Kremlin celebrates Russia's vic-

tory in the second world war. On a trip to the agricultural belt of southern Russia, which strongly backed the communists in the December parliamentary ballot. Mr Yeltsin matched this symbolic reintroduction of the leftist banner with a raft of populist pledges.

president for help to build a local

CONTENTS

LÓNDON - LEEDS - PARIS - FRANKFURT - STOCKHOLM - MADRID - NEW YORK - LOS AMEELES - TOKYO - NOME KOME

FT/SPLA Wild Indices.

His political spending spree included the sort of off-the-cuff promise which has made a presidential visit an economic bonanza for the cities and villages lucky enough to be inclnded on his campaign itinerary. When a priest in the village of Novomishastovskaya asked the

the spot commitment to pay the entire cost of construction. "Your visit is God's gift," was the

delighted cleric's reply.

The president also made a more substantial promise, signing a decree giving a Rbs26,000br (\$5.3bn) subsidy to farms this year and granting the countryside a 50 per cent reduction in commercial electricity rates. But finance ministry officials

insisted this pre-election largesse would not overwhelm the country's austere budget because the idies would be cancelled out by the agricultural sector's huge debts to the federal government. Despite Mr Yeltsin's openhanded approach, he met a hostile reception from the impover-

ished people of southern Russia, once the country's breadbasket. The president was greeted by a jeering crowd when he stepped out of his limousine in Krasnodar, the biggest city in the

A crowd of workers chanted: "Put Yeltsin and his band on trial", and a second world war veteran urged Mr Yeltsin to drop out of the race because of his age and poor health. But, notwithstanding his shift

> Continued on Page 16 Kremlin race, Page 2

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By Neil Buckley in Brusselt

European commissioners will try today to agree a compromise on a directive that would allow chocolate to be called chocolate even when it contains vegetable fat, and force member states to lift barriers to the import of such products.

Debate over whether chocolate can be called chocolate only if made with pure cocoa butter has delayed agreement on the proposed directive for more than three and a half years. It has also held up a package of six other directives simplifying regulation on food-

The debate has seen commissioners taking part in blind tasting sessions of chocolate, and there have been calls for chocolate containing vegetable fat to be renamed - "vegelate"

was one, discarded, proposal. Seven member states, including Britain, allow vegetable fat in chocolate products as a partial substitute for cocca butter. In fact, the type of milk choco-late most popular in the UK contains vegetable fat. The other eight, including France, Belgium and Germany, say chocolate should not be called that unless it uses only cocoa

Cocoa-producing countries such as Brazil, Ecuador, the Ivory Coast and Ghana, warn that allowing chocolate containing vegetable fat to circulate freely across the EU could reduce total cocoa demand by 60,000 tonnes in the short term. and 200,000 tonnes in the long

term.
That could seriously damage Third World cocoa bean exporters, they say, and point to the clause in the European treaty which says the EU must take account of the effect of its policies on developing

countries.

The latest compromise proposal from industry commissioner Mr Martin Bangemann, a lover of pure cocoa butter chocolate but keen to secure agreement on the issue, would allow the name chocolate to be used on all products containing up to 5 per cent vegetable

Countries would not be forced to allow the manufacture of the fat-containing variety but would have to allow imports to be sold under single market rules.

But, under the compromise. chocolate containing vegetable fat would have to be clearly labelled as such, and dispute is expected to centre around the form of such labelling.

The Biscuit, Cake, Chocolate and Confectionery Alliance, a UK industry lobby group, says it could support such a compromise, but insists labelling should not be "derogatory".

We believe a simple statement of vegetable fat in the ingredient list should be sufficient," said Mr John Newton. its director.

He said the alliance would oppose vigorously any requirement for the vegetable fat content to be labelled in the same sized lettering as the chocolate name.

The Cocoa Producing Countries Secretariat, representing the six main cocoa producers is also prepared, reluctantly, to accept such a compromise. But it says the vegetable fat labelling must be prominent to prevent any confusion among consumers over what they are buving.

Even if the Commission agrees on a position today, the process could be lengthy. It must then vote on a draft directive for consideration by the European parliament where the debate is expected to

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More candidates stand in wings but small field favours Yeltsin

Four runners pass test for Kremlin race

By Chrystia Freeland

Only four politicians were sure to see their names appear on the ballot paper for Russia's June 16 presidential election when the deadline for applications passed yesterday.

Another 11 contenders are waiting to see if their applications will be accepted and two have been rejected by the electoral commission on technical grounds. To be registered in the race, candidates must submit a petition to the electoral commission with more than 1m signatures of support collected throughout Russia.

The four who have been accepted include Mr Boris Yeltsin, the incumbent, Mr Gennady Zyuganov, the communist leader and the front-runner, Mr Mikhail Gorbachev, the former Soviet president, and Mr Vladimir Zhirinovsky, Russia's most outrageous ultra-nationalist.

The 11 other applications

must be either accepted or rejected within the next 10 days. The electoral commission will check that the signatures are valid and freely given, and that they cover the required geographical spread. Mr Grigory Yavlinsky, the most popular liberal politician outside the government, Mr Alexander Lebed, a former general supported by more moderate nationalists, and Mr Sviatoslav Fyodorov, a prominent eye-sur-

geon are among the 11. Yesterday's deadline ppeared to stiffen the competition between those candidates who were strong enough to leap over the first burdle in Russia's arduous presidential contest. Both Mr Yeltsin and Mr Zyuganov, his most serious

rival, hit the campaign trail, venturing deep into Russia's impoverished provinces.

But while Mr Yeltsin made a series of populist promises borrowed from the Communist agenda, his leftwing challenger sought to assure voters that a Communist victory would not bring an end to market reforms. "Economic reforms are irreversible and if the Com-munists come to power they will be continued, but using other ways and means," Mr Zyuganov said in the Siberian

city of Ufa. A recent opinion poll sugsts that Mr Yeltsin's shift to the left has won him new sup-porters, but he is still narrowly behind his Communist opponent. The survey, conducted this month by one of Russia's most prestigious polling organisations, shows that in a straight contest between the two. Mr Zvuganov would win 29 per cent of the vote, just one point ahead of Mr Yeltsin. A poll by the same organisation in January showed Mr Yeltsin with 19 per cent against Mr

Zyuganov's 33 per cent. But in an open field, Mr Zyuganov is still firmly in the lead. The Communist leader won the support of 26 per cent of respondents, Mr Yeltsin trailed with 18 per cent, and Mr Yavlinsky and Mr Lebed came third with 10 per cent each. Mr Zhirinovksy was next with 8 per cent.

This result suggests how crucially Russia's electoral proce-dures could influence the final result. A candidate can be elected president in the first round of voting only if he wins more than 50 per cent of total votes cast. If no one crosses that barrier, there is a run-off between the top two.



"No financing - No army" reads a banner flourished by civilian employees of Bussia's defence ministry. They were protesting yesterday about not being paid for the past several months

EUROPEAN NEWS DIGEST

Norwegian oil strike cancelled

The Federation of Norwegian Oil Workers (OFS) yesterday postponed a strike by 2,500 workers, which was scheduled to have started last night and which would have halted around 75 per cent of the country's oil output.

The union said it would seek fresh talks with the Norwegian Industry Federation (NHO) and explained that the delay was "to give NHO a fair chance to re-evaluate its stance".

The stoppage had been called to support strikers, mainly scaffolding, paintwork and insulation workers, at oil service companies after the collapse of talks with the NHO over payments to partly land-based members.

The union said that if no agreement could be reached in the fresh talks, it would give 14 days' notice of further protest action, but any new action would "involve a broader spectrum of our members and would not affect production as

Bonn summit on spending cuts

The parties in Germany's governing coalition will decide the final shape of the package of spending cuts and social policy reforms to boost the nation's international competitiveness at reforms to boost the nation's international competitivedess at a special meeting on April 25, according to Mr Michael Glos, the leader of the Christian Social Union in the Bundestag. Speaking after talks between senior coalition politicians and Chancellor Helmut Kohl, Mr Glos said that talks so far had reached agreement on 80-90 per cent of the saving and restructuring measures to offset falling tax revenues and cut

employers' non-wage labour costs. Mr Glos said latest estimates pointed to a DM60bn (\$40.2bn) shortfall in tax revenues next year, with the federal government's tax income likely to be DM25bn below earlier expectations and that of Germany's 16 states down by DM35bn. For this reason Mr Theo Waigel, the finance minister, was seeking spending cuts of DM50bn, of which DM25bn would be at the federal level.

Peter Norman, Peter Norman, Bann

German inflation stays steady

inflation in Germany moved up a tick in March as the year-on-year increase in the cost of living index advanced to 1.7 per cent from 1.6 per cent in February. Prices were 0.1 per cent higher last month than in February.

the federal statistics office reported yesterday. The western German cost of living index stayed unchanged in March compared with February and the annual rate of inflation was also stable at 1.4 per cent.

In eastern Germany, the cost of living index rose 0.1 per cent between February and March while the annual rate of price increases rose to 2.7 per cent from 2.6 per cent. Eastern Germany's inflation is nearly double the western rate as a Peter Norman, Bonn

result of sharp rent increases. Peter Norman, Bon

Swedish unemployment fell in March to 7.4 per cent of the workforce from 7.7 per cent in February. Consumer prices rose 0.5 per cent in March from February, bringing the year-on-year rise to 1.7 per cent.

Swiss producer prices fell in March by 0.2 per cent from February, while the import price index was unchange Denmark had a January current account surplus of DKr6bn (\$1bn) compared with a deficit of DKr3.5bn in December.

Markets put their money on Emu

Mood is growing that single currency will go ahead as planned, writes Richard Lapper

oubts may still persist about the likelihood of European monetary union, but traders and investors in the continent's financial markets are increasingly convinced that European Union members will adopt a single currency as planned.

The mood in the markets is in sharp contrast to that of last December when fears about the ability of Germany and France to meet the Maastricht criteria gave rise to sharp swings in prices on bond and currency markets. The participation of both countries is judged essential for the feasibility of the Emu project in any form.

Over the past few months this uncertainty has given way to much greater stability as German and French currencies and interest rates appear to be converging.

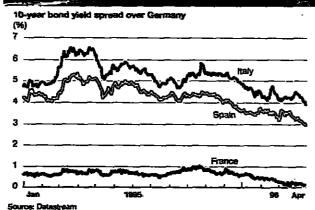
French 10-year bonds are now yielding less than a fifth of a percentage point more than their German equivalents. Last October the gap - known in the markets as a "yield spread" - was as high as 1 percentage point.

France's currency, already moving within relatively narrow bands against the D-Mark, has also begun to appreciate. It reached its highest level against the D-Mark since June 1994 at the beginning of this

The price of options on the French money market futures contract, used by investors to hedge (or insure themselves) against changes in short-term interest rates, has begun to decline as volatility in the underlying price of the contract falls.

revolved around the ability of a downward trend.





potential Emu members to meet the Maastricht criteria: public sector debt below 60 per cent of gross domestic product; fiscal deficits of no more than 3

per cent of GDP; and inflation and long-term interest rates moving towards the lowest levels of any Emu member - all of this by the end of 1997. In general, potential members are making progress on two of these fronts, with debt

levels slowly falling to more manageable proportions and Last year's concerns inflation and interest rates on

However, the economic slowdown in a number of countries has eroded tax revenues and made it less likely that they will be able to meet the tough

fiscal targets. Worries that first France and then Germany might be unable to meet this requirement have led some analysis to argue that the deadline for deciding which countries would be allowed to join Emu would have to be delayed beyond early 1998.

Within the past few weeks, however, an increasing num-

to interpret the Maastricht criteria more loosely and press ahead with the current dead-They suggest that pressures

because of developments within Germany. Although the Bundesbank appears firmly opposed to any relaxation of the criteria, Germany's government and much of its industry are coming round to the prospect, seeing it as a necessary price to pay to help weaken the D-Mark in order to improve exports and stimulate economic recovery.

Mr Nigel Richardson, head of

bond research at Yamaichi International, the Japanese securities house, says the criteria "have been viewed incorrectly by many as rigid mechanistic rules, when in fact they are designed for flexibility. The deficit criterion is flexible".

Quoting the treaty, he says: A country must not exceed a (planned or actual) unless it has 'declined substantially' and 'comes close to' it, or the temporary'," he said.
"Clearly there is nothing sac-

rosanct about 3 per cent of

Mr Paul Abberley, fund manager with the European investment house Lombard Odier, says: "There has been a realisation that the political momentum is so powerful that this will overwhelm any reservations on economic grounds. There has been a pronounced change in sentiment At the same time the odds have begun to increase that

countries such as Spain and

Italy, which are unlikely to ber of observers have argued ioin Emu from the start, may that the Commission may opt be linked closely to the single currency through a new exchange rate mechanism

The agreement by EU ministers last weekend to create a for a more flexible interpreta-tion are growing partly ing countries which fail to enter Emu with the euro (the name of the future single currency) has been seen as strengthening this prospect. This has reinforced the trend for 10-year bond yields to converge towards German levels. For example, Spanish spreads have fallen from 360 basis points since the start of the year to 289 basis points yester-

The improving confidence in Emu is giving investors carte blanche to buy high-yielding bonds and peripheral currencies." says Mr David Brown, chief European economist at Bear Stearns, the US investment bank.

Bond dealers are already revising their forecasts in view of recent events. But there is also some grounds for caution In 1994, European yield spreads narrowed to even lower levels before ballooning out after rises in US interest rates triggered a worldwide sell-off in bond markets.

Uncertainty about the list of countries that will eventually be incorporated in Emu could still lead to wild gyrations in the currency and bond markets over the next two years, particularly if European economic growth slows further.

These markets are potentially volatile and players like hedge funds have a reason to increase this volatility," adds a senior bond strategist at a European bank. "Things never

Brakes slammed on new car sales in West Europe

By John Griffiths

The unexpected surge in western Europe's new car market which began in January lost much of its momentum last month. Provisional statistics from

the European Automobile Manufacturers Association (ACEA), released yesterday, show new car registrations in the region rose by 3.1 per cent year-onyear, well down on the year-onyear rises of 10.2 per cent in February and nearly 7 per cent

in January.
"We said that we didn't expect much growth this year. The first two months seemed to indicate there was a surge in growth which we thought was due to a number of special factors. It's now on its way down again," commented Mr James Rosenstein, Brussels-based

ACEA's spokesman. ACEA is sticking to its forecast that overall new car sales in the region this year will be only around 3 per cent higher than last year.

month in 12 of the 17 markets monitored, but the sharp recovery previously seen in Germany - the region's largest single market by far - faded last month. The country's 377,000 registrations represented only a 4.5 per cent increase over the same month

Germany's Volkswagen retained its market leadership with 16.7 per cent of the 1,275,300 vehicles registered last month, with General Motors a distant second on 12.8 per cent Fiat and Ford tied for third

last year.

place, with 11.9 per cent, in March, followed closely by Peugeot/Citroen with 11.8 per Europe's industry is becom-

ing steadily more alarmed at the growing market incursion by Korean producers. The latter's combined share jumped by 74.6 per cent yearon-year last month to reach a record 1.9 per cent of the total

WEST EUROPEAN NEW CAR REGISTRATIONS January-March 1996 Volume Share (%) Share (%) Change(%) Jan-Mar 95 Jan-Mar 95

\ 				
TOTAL MARKET	3,494,600	+6.8	100.0	100.0
MANUFACTURERS:				
Volkoswagen group	581,519	+11.0	16.6	
(- Yolkswagen	396,509	+12.8	11.1	16.0
- Audi	99,927	+3.7	2.9	10.5
- Seat	77,296	+11.5	2.8	2.9
- Skoda	17,787	+12.9	0.5	2.1
General Motors	443,574	+3.8	12.7	0.5 13.1
- Opel/Vauxhall	426,788	+4.4	12.2	12.5
- Saab	14,239	-7.7	0.4	
Flat group'	440,145	+12.3	12.6	0.5 12.0
- Fiat	350,215	+13.5	10.0	
- Lancia	48,842	-3.2	1.4	9.4
- Alfa Romeo	40,672	+24.8	12	1.5
PSA Peugeot Citroen	422,123	+5.0	12.1	1.0
~ Paugeot	252,571	+6.3	7.2	12.3
- Citroen	169.552	+3.1		7.3
Ford group	418,214	+6.0	4.9	5.0
- Ford	414,316	+6.2	120	12.1
- Jaguar	3,598	-10.5	11.9	11,9
Renault	350,507	+1.5	0.1	0.1
BMW group	203,263	+1.1	10.0	10,6
BMW	100,995	-6.0	5.8	6.1
Rover	102,268		2.9	3,3
Mercedes-Benz	122,033	+9.3	2,9	2.9
Votvo '	46,205	+13.7	3.5	3.3
Nissan		-25.2	1.3	1.9
Toyota	97,007	+4.8	2.8	2.8
Honda	82,155	-1,4	2.4	2,5
Mazda	56,438	+10.7	1.6	1.6
Mitsubeshi	45,232	-8.2	1.3	1.5
Total Japanese	38,934	+21,0	1,1	1.0
Total Korean	364,868	+4.9	10.4	10.6
MARKETS:	60,685	+85.2	1.7	
Germany			445	1.0
linited Manager	919,300	+8.4	28.3	
United Kingdom France	531,000	+1.1	15.2	25.0
rtance Italy	563,900	+12.2	15.2 15.9	10.1
redy Carin	537,200	+1.3		15.1
Spain	224,900	+7.6	15.4 .	16.2
	,	-/.O	8.4	

Van Gogh saga shakes French art market painting "Jardin à Auvers", blocking a

By Andrew Jack in Paris

The family of an art collector fighting the French system of controls on the export of historic paintines is considering taking the government to the European Court of Human Rights.

The action would be the final twist in the family's long-running battle against the state which has already had repercussions in the country's art market.

It follows a definitive ruling by the final French court of appeal in February that the government must pay compensation to the collector after classifying a painting he held as a "national monument". This prevented its sale outside the country and considerably

The saga began in 1989 when the French state classified the Van Gogh

planned sale abroad. The decision caused considerable surprise, partly because the painting had been owned

outside France for many years. It belonged to Mr Jacques Walter, son-in-law of the late collector Paul Guillaume, who considered the decision particularly unjust given that it was one of only a handful of paintings he had kept for himself - more than 140 other important works had been donated to the state, and are now held

in national museums. that when it was sold by auctioneer Maître Jean-Claude Binoche in Paris in 1992 to a French buyer, the painting raised just FFr55m (\$11m), against an estimated price of FFr320m if it had been sold on the international market.

Mr Walter took the unprecedented

step of suing the government to seek compensation for the difference, plus regulations, the more they end up havinterest. "People are afraid of the state, but France is not a dictatorship and people who take it on win more often than they might think," says his son

Jean-Jacques.
The French courts upheld an award in his favour but, on appeal by the state, the compensation was reduced from FFr422m to FFr145m, reducing the estimate of the painting's worth and eliminating the interest.

Mr Jean-Jacques Walter says he The result of the classification was accepted the lower valuation - partly so that his father, who is now 88, could see justice done - but he says he will decide shortly whether to pursue the case in the European court to seek restoration of the interest payments. Maitre Binoche calls the decision a

victory for all those who want to sell

ing the opposite effect to what was intended," he says. French museums are smarting at the

cost implications of the decision for future classification of netional treasures. They are calling for ways of protecting them - such as a variant of the UK system, by which sale of an important work of art abroad cannot be forbidden but simply delayed to give time to find funding within the country to match its price.

Meanwhile, the saga of the Van Gogh painting may yet come full circle. The man who bought the work was Mr Jean-Marc Vernes, a banker. He died this month and his executors are discussing the possibility of donating the work to the French state, to offset

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G7 presses EBRD on Ukraine N-plants

By Kevin Done, East Europe Correspondent, in Sofia

The European Bank for Reconstruction and Development is coming under strong pressure from the Group of Seven western industrial countries to play a lead role in financing the \$1bn completion of two nuclear reactors in

The project is expected to feature prominently on the agends of the nuclear summit in Moscow later this week between the G7. Russia and Ukraine, which will address issues of nuclear safety, nuclear weapons and illegal trade in nuclear materials. The involvement of the

EBRD again in the controversial issue of the financing of -vuclear power stations in eastern Europe triggered protests from environmental groups at the bank's annual meeting

The protest followed in the wake of Monday's unanimous decision by the bank's shareholder governments to support a doubling in the EBRD's capital base to Ecu20bn (\$25bn) to allow it to accelerate lending to the region during the late

the nuclear debate, as anxiety grows in the west about the continuing operation of two of the four reactors at Chernobyl in the Ukraine; this month sees the tenth anniversary of the disaster at the site.

Ukraine's insistence on the completion of two other reactors, Khmelnitsky 2 and Rovno 4, was part of the price it exacted for agreeing to the clo-sure of the Chernobyl reactors in a memorandum of understanding it reached with the

G7 in December.

The EBRD - which earlier faced a storm of protest over its planned involvement in fin-ancing the completion of two puclear reactors at Mochovce in Slovakia close to the Austrian border - is currently wrestling with the problem of how to respond to the G7 request to become involved in Ukraine.

The EBRD was forced to abandon the controversial Mochovce project last year, when Slovakia refused its tough terms and conditions and chose an alternative scheme with Czech and Russian financing. The Mochovce experience has made it circumspect, but it clearly feels in no

position to refuse the request from its leading shareholders in the G7, which have told it that they "expect" its "active engagement in securing" the financing of the completion of the two nuclear reactors in Ukraine.

The G7 letter to the EBRD said this should be done according to "internationally accepted safety standards" and as part of a "least-cost" solution to the future development of Ukraine's energy sector.

Enviromental groups argue

that this development should centre on energy efficiency ures – Ukraine is one of the world's least efficient users of energy - and on thermal and hydro power stations. The EBRD now faces the thorny problem of how to com-mission an "independent" study of the "least-cost" option that will be acceptable to envi-

ronmental lobby groups as an independent report. Its due diligence investigation is expected to take several months and is likely to trigger fierce controversy in the EBRD board, where several shareholder governments are sceptical about the bank deepening

De Larosière calls for focus on developing east's private sector

Mr Jacques de Larosière, president of the European Bank for Reconstruction and Development, said yesterday that the bank would increase its focus on the development of the private sector in central and east Europe.

This further replaces the emphasis in its early

years on the utility and infrastructure projects involving the then pervasive public sector. At the same time the bank will seek to diversify eastwards and increase its local

ence by opening offices in Baku, Azerbaijan, in the Croatian capital Zagreb, and in Chisinau, Moldova. The focus on the private sector would include a particular emphasis on small and medum-sized enterprises and a strong role in Shareholder governments at the EBRD annual

meeting in the Bulgarian capital, Sofia, have also urged still greater emphasis on the development of the financial sector in central and east Europe. Another shift would see more advanced

countries receiving advice on areas such as the development of domestic capital markets

instead of financial aid. "From our shareholders in the countries of operations, we look for firm commitment to

nacroeconomic stability and continued strengthening and deepening of the reform process." he added.

Mr de Larosière said the EBRD planned to: ■ Take further equity stakes in banks in the

Offer credit lines for financing small companies via local banks; Facilitate trade and investment finance; and ■ Participate in private equity funds, including newly emerging areas such as mutual and pension funds.

The bank's future priorities would also include participating in funds to invest in newly privatised companies and industries being restructured, where profit-driven investors might still be wary. "Even in the most advanced countries this task of restructuring (privatised

enterprises) is still in its early stages," said Mr Next year's annual meeting of the EBRD will be in London, where it is headquartered, but Mr de Larosière said that it had still not bee

decided whether the 1998 meeting would be in Kiev, Ukraine or in the Latvian capital, Riga. Mr Ruairi Quinn, the Irish finance minister, was yesterday elected chairman of the EBRD's board of governors in sucession to Mr Lamberto Dini. Italian prime minister.

Turkish PM in pledge to Azeris as Russians hand over alleged coup leader

Moscow vies with Ankara in Caspian intrigue

By John Barham in Ankara

The government of Azerbaijan an oil-rich republic where outside powers are vying furiously for influence, has this week won a fresh promise of diplomatic and military support from Turkey, and a significant arrest of two wanted politicians.

The latest overtures by Tur key, which has close cultural and linguistic ties with Azerbaijan, came from Mr Mesut Yilmaz, the prime minister, who underlined Ankara's intense interest by making Baku his first foreign visit

since taking office.

Mr Yilmaz assured Azeri President Heydar Aliyev, a former Soviet Polithuro member, of Ankara's strong support for the "just cause" of restoring the territorial integrity of Azerbaijan, one-fifth of whose land is controlled by Armenian forces. The Turkish leader said his country was ready to pro-vide "all kinds of assistance" to help improve Azerbaijan's

army.
Mr Yilmaz underlined Turkey's willingness to deploy peacekeeping forces in the Armenian-Azeri war zone -but apparently failed to persuade Mr Aliyev to endorse unconditionally a formula for resolving the bitter territorial

dispute by peaceful means. Turkish businessmen have called recently for an accelera tion of peace efforts in the region, noting that one of the most promising routes for a proposed pipeline from the Caspian Sea to Ceyhan in southern Turkey would run through the conflict zone.



Turkish prime minister Mesut Yilmaz underlined Ankara's intentions by making Bakn his first foreign port of call

Russia, for its part, has made an even more dramatic attempt to woo Mr Aliyev by announcing the arrest of two of his political adversaries who had hitherto enjoyed asylum in Moscow: ex-President Ayaz Mutalibov and the former

plicity in the deployment of Soviet troops in Baku in January 1990.

As defence minister. Mr Gaziyev oversaw Baku's effort to wipe out the Armenian community in the disputed

dent Aliyev in October 1994 and March 1995.

Several former top officials accused of plotting or supporting coups are already awaiting trial. In particular, many are

accused of helping former

The Turkish leader said his country was ready to give 'all kinds of assistance'. Russia, for its part, has made an even more dramatic attempt to woo President Aliyev

defence minister, Mr Ragim

While Mr Gaziyev has already been transferred to Azeri custody, and may face the death penalty for treason, the fate of Mr Mutalibov was uncertain as he underwent treatment yesterday in a Moscow hospital.

Azerbaijani officials accuse him of organising mass disorNagorno-Karabakh region through rocket attacks and and aerial bombing - but he lost influence after the campaign failed, and hundreds of thousands of Azeris were forced to flee.

Mr Gaziyev escaped from an Azerbaijani prison in September 1994 and was sentenced to death in absentio. He is also accused of taking part in failed

prime minister Surat Huseinov when he briefly seized power in several parts of Azerbaijan in October 1994. Last month, a former agriculture minister and a former police officer were sentenced to death on

In a hint that intensive Russian-Azeri bargaining was underway over Mr Mutalibov and possibly other issues. offi-

Former Azeri defence minister Ragim Gaziyev addressing the crowds before he was forced to flee Azerbaijan for Moscow

would "study the legal position" before extraditing Mr Mutalihov, who is blamed by Mr Aliyev for masterminding the October 1994 coup attempt. Mr Aliyev has kept all coun-

tries guessing about his strate-gic intentions since taking ower from a strongly pro-Turkish regime in 1993. cials have hinted that they might rethink their refusal to host Russian military bases if Moscow were to soften its sup-

secure control of the whole Russia is pressing Azerbaijan both for a closer strategic relationship - in the hope of cutting off the supply of weapons for closer co-operation over the extraction and transport of oil

port for the Armenians and

help the Baku government

Greeks stockpile feta for world domination

or Mr Yannis Toyas, whose goats browse a prickly mountainside will feel more confident about exporting, Mr Afyntakis says. on the island of Evia, the European Commission's deci-sion last month to make feta cheese an exclusively Greek product was long overdue.
"Sheep and goat raising is

such a precarious business that only my parents' genera-tion are still doing it full-time," he says. "But if there's a bigger market for feta. I'll be one of the first to xpend."
Mr Toyas, a hospital cook,

makes feta at home and sells surplus milk to the local cheese factory. His flock of 40 goats is typical of small farmers who supply more than 800 commercial producers of feta

The EU ruling that feta is a Greek sheep milk cheese containing a small amount of goat milk will open up new export opportunities for Greek producers. At present, Denmark is the Union's main contains. the Union's main exporter, selling more than 60,000 tonnes yearly of artificially whitened cheese made from cow milk as feta, mainly to the Middle Rast.

Greece produces about 145,000 tonnes of feta yearly, but exports less than 12,000 tonnes, most of which is consumed by expatriate Greeks in Germany, the US and Australia. The Greeks have a larger appetite for cheese than other Europeans, with per capita consumption of around 24kg yearly. Though feta is still the most popular cheese, imports of cheese made from cow milk amount to more than 70,000

Greek hotels and catering companies import about 8,000 tonnes yearly of the cheaper Danish version of feta, which served to foreign tourists partly because they won't know the difference from Greek feta and partly because some people find the sharp taste of goat's milk hard to get used to," says Mr Emmanuel Afyntakis of the Greek dairy

However, when the EU rul- in Greece. ing comes into effect in five

The industry is being transformed by a group of large Greek dairy companies which have started to make standar-

dised feta at automated plants. Mr Yannis Karambalis, managing director of Epirus, a new producer of standardised feta which this year plans to export half its 6,000-tonne output, says: "The EU's decision is our chance to put authentic feta on the map. It costs more to produce than the cow's milk imitation but there's a big dif-

'The sheep population here has doubled in five years and there would be a lot more if you could find shepherds to look after them'

ference in quality." Like other larger producers, Epirus has tried to upgrade milk quality by setting up a network of collection stations to serve remote villages and providing suppliers with milk coolers and free veterinary services.

The big dairy companies are expected to drive out of business several hundred small cheese-makers, who produce less than 50 tonnes of feta yearly in primitive conditions, often using unpasteurised

Output of feta has risen by 25 per cent since the dairy companies entered the market in the early 1990s. Increasing demand for milk encouraged more Greeks living in mountainous greas to take advan-tage of EU subsidies for rais-ing sheep and goats. In contrast to cow's milk, there are no EU ceilings for the production of sheep and goat milk

Mr Giorgos Kostas, who

sells cheese and yoghurt in Karystos, a small town in Evia, says: "The sheep popula-tion round here has doubled in the past five years and there would be a lot more if you could find shepherds to look after them. As it is, every civil servant keeps a dozen sheep in

his back garden." Producer prices for sheep and goat milk soared last year when Fage. Greece's biggest dairy company, started making feta. According to Mr Ioan-nis Granitsas, Fage's deputy manager, the company paid a premium for high-quality milk as well as buying large quanti-ties of milk in areas such as Evla which are closer to its Athens plant than traditional sheep-raising districts in

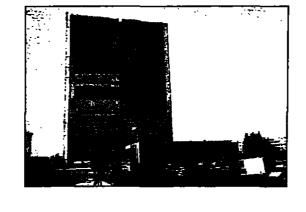
north-western Greece. However, milk prices have dropped by more than 20 per cent this spring. Although small feta producers compet-ing with Fage and other dairy companies cut prices drasti-cally over the winter, more than 20,000 tonnes of feta produced last year is still unsold. Large quantities of white cheese smuggled from Bul-

garia and Turkey are being sold as Greek produce, according to agriculture ministry The officials say controls are difficult to enforce because Greeks still prefer to buy feta in chunks pulled out of large brine-filled tins. While sales of vacuum-packed feta are increasing, they still account

for less than 5 per cent of the Greek cheese market. Small and medium-sized cheesemakers have angered milk producers by cutting production this year. The feta plant outside Karystos, run by the Evia farm co-operative association, has halved output because because 70 tonnes of

last year's cheese is still Mr Antonis Karavilas, the plant manager, says: "Every cheese plant on the island has a refrigerator full of feta. We need to start boosting exports now, not in five years."

Kerin Hope



PUBLIC TENDER



On the 27th March 1996 the General Director of Czech Radio decided to advertise PUBLIC TENDER for making the best bid to enter into a contract on purchase of the Radio Broadcasting Centre at Pankrác, Prague 4, Runczikova St.

1.1. The object of the public tender ("Tender") is the best bid ("Bid") subject to the advertiser's valuation, to enter into an agreement for the: (a) purchase of a real property and certain movable estate; (b) conveyance of obligations; (c) conveyance of lease agreements; (d) assignment of claims in relation to the Radio Broadcasting Centre Pankrác still in construction ("RSP") in acco

2.1. A high rise building under construction - 27 floors plus 3 undergroud

Doors, plot No. 2860/9: 2.2 A building - three floors + one underground floor, plot No. 2860/10; 2.5. Other areas registered under the plot No. 2860/1 whereby all the described property is entered in the evidence title record No. 50 of the Cadastral Area Nuse. Land Register Office Prague - City:

2.4. Provisional structures used as Pankrác building site premises: 2.5. Provisional structures used as Pisnice building site premises: 2.6. Mobile cells used as Pankrac building site facilities.

3.1. The offered price is 1,350,000 CZK (one billion three hundred and fifty

million Czech Crownsi: 5.2. Before filing the Bid for the Tender each bidder shall deposit ("Desposit") 1° of the offered price in a separate account with his bank. The account shall be blocked to the benefit of the advertiser. Immediately after the selection of the winning Bid, the other participants will receive written notice from the advertiser which will serve as a an evidence for release of the blocked account. 3.3. Failure to deposit the Deposit before filing the bid will make such Bid void

4. The Bid filing procedure

4.1. The bidder shall submit one copy of the Bid in a sealed cover marked by "RSP" in person or through an agent having a power of attorney with officially verified signature of the principal to the attention of Ms Marie Malá, notary in Prague (Office: Prague 2. 17 Karlovo naměstí). The date and hour of the Bid filing together with a receipt of the Deposit and a contract with the respective bank will be acknowledged and entered into a custody record;
4.2. After filing the Bid the bidder may neither revoke the Bid nor make a mo-

difications or amendments thereto; 4.3. Before filing the Bid, the bidder will have an opportunity to review the RSP ocumentation with Ms Marts Būssová (phone + 42 - 2 - 273889).

5. The time limit for filing of a Bid

5.1. The Bid shall be filed in person or through an agent (see 4.1.) by not later than by 2:00 p.m. on 14th June 1996. If the Bid is mailed, the filing date and time will be considered to be the date and time as defined in Article 4.1. hereof.

The valuation method and deadline for selection of the best Bid 6.1. Ms M. Malú, notary in Prague will draw up a notarial deed recording the opening of the covers, the number of bids, prices offered as well as the number

6.2. The readiness to pay the purchase price and supporting evidencing the capacity to pay the purchase price as well as comments on the draft contract will be amongst the criteria for valuing the bid:

6.3. The advertiser shall complete the valuation of the bids by July 1st, 1996: 6.4. The advertiser will select the best Bid not later than by July 15th, 1996 together with the notice published in daily press and mailed by a registered letter to each bidder. By the same time the advertiser will notify other bidders on the best

7.1. The bidder shall assume the draft agreement produced by the advertiser as his own. The draft mentioned will establish a basis for negotiations on the final 7.2. The advertiser retains the right to modify or multify the advertised Tender

in the same way as it has been advertised; 7.5. The advertiser retain the right to reject all Blds submitted.

8. Information

8.1. Any information on the RSP are available with Ms Marta Bossova (phone

8.2. Besides the said information the hidder will obtain the advertiser's draft agreement which forms a supplement to the conditions of the Tender.

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on debt relief proposal

By Robert Chote, Economics Editor, in Washington

The Group of Seven leading industrial countries are set to tell the World Bank and the International Monetary Fund this weekend that their joint proposal to tackle the debt of the world's poorest countries places too much of the onus for action on individual creditor

The IMF and World Bank have proposed a scheme under which creditor governments in the Paris Club would reduce the value of debt and service payments owed to them by eligible countries by 90 per cent, compared to the 67 per cent in theory available already under the so-called Naples terms.

The international institutions would then in turn ease the burden of the debts owed to them so that total debt and service payments were reduced to a sustainable level.

But some G7 countries are concerned that this proposal forces the Paris Club to do most of the hard work first. while the institutions have only to come in afterwards to deal with any residual "unsustainable" debt.

The Fund and Bank estimate that \$7bn-\$8bn of debt relief would be needed if about 20 poor countries were deemed eligible for their scheme - and that the institutions should only have to find a third of this

G7 finance ministers and central bank governors will meet to discuss this topic. among others, at the IMF and World Bank spring meetings in Washington on Sunday. G7 officials met in Paris yesterday to try to hammer out a joint

The group is expected to agree that the Paris Club should do more to help poor countries under the new initiative than they do at present.

But it is also likely to argue that the IMF, World Bank and the multilateral development banks should play a more central role than they would do under the current proposals.

G7 'cool' | Peres seeks to force Syria's hand

As Israel considers the end-game of its devastating sixday aerial and artillery bombardment of Lebanon, the government appears determined to force Syria into a much more active role in guaranteeing the security of Israel's northern border at the expense of Lebanese sovereignty.

Mr Shimon Peres, Israeli prime minister, has refused publicly to declare the political objectives of "Operation Grapes of Wrath", but clearly wants a much more formal arrangement than the US-brokered July 1993 verbal ceasefire which brought to an end Israel's last Lebanese offensive. The agreement barred attacks on civilian targets on both sides of the Israeli-Lebanese

More formal Syrian guarantees to rein in pro-Iranian Hizhollah guerrillas would incrementally meet Israel's security demands and allow Mr Peres, facing a general election in six weeks, to show the Israeli Dubated by former prime minister

With each day of bombardment, Mr Peres looks more and more like the hardline leader Israelis crave in uncertain

Although there has been some Israeli concern raised by the killing of civilians in Lebanon, there is overwhelming public support for his tactics. By exposing the risks of violence and instability in the vacuum of failed Israeli-Syrian peace talks, the campaign might also draw Damascus back towards the negotiations.

The long-term goal of Israeli military pressure remains to force Syria, the most powerful external broker in Lebanon where it has 35,000 troops, to permit the Lebanese army to disarm the Hizbollah militia. Only when Hizbollah is disarmed and prevented from sending rockets into northern Israel, Mr Peres says, will Israel consider beginning nego-tiating a withdrawal from the Lebanese territory it has occu-



Israeli troops yesterday paused during their shelling of Lebanon for a memorial service to mark

But such a move, at least in the short term, is politically unacceptable to Lebanon, Syria and Iran. So long as Israel continues illegally to occupy a large part of southern Lebanon, in defiance of United Nations resolutions, Highollah can continue to present itself as a legitimate freedom movement struggling against foreign occupation.

Any move to disarm Hizbol-lah ahead of Israeli withdrawal

could throw Lebanon into renewed civil war. It would also deprive Damascus of its military leverage on Israel and would meet fierce resistance from Tehran, which maintains a strategic alliance with Syria.

Mr Peres knows any effort towards disarming Hizbollah, as proposed by Lebanon during the last Israeli offensive, will be opposed by Syria and Iran. But he believes it is possible

much more formal agreement under which Damascus would take greater responsibility for preventing action against ael's northern borde

The effort to draw Syria into a more formal agreement is behind Mr Peres' rejection of calls by France, Lebanon and Syria to revive the 1993 ceasefire understandings and is the subject of draft papers pre-

France's Mideast initiative rebuffed

By David Buchan in Paris

France's bid to forge an independent role in Middle East peacemaking was rebuffed yesterday as Israel steadfastly rejected ceasefire proposals by Mr Hervé de Charette, the French foreign minister, and turned instead to its old ally, the US.

Israel politely received Mr de Charette on Monday but made clear that it preferred to allow Washington to broker a stronger security agreement than that proposed by Mr de Char-

Israel also said it was unwilling to cede the ceasefire initiative to France or to Europe to Lebanon and Svria. The Israeli rebuff, and US

opposition to United Nations condemnation of the six-day blitz, drew fire from Syria which accused the US of having surrendered its honest broker role in the region.

As Mr de Charette appeared set to return to Paris without success, French officials started to play down his mission as an "information trip" and issued a stronger condemnation of Israel. Mr Alain Juppé, the French

prime minister, said Israel's bombing of civilian targets in Lebanon was "unaccentable" in particular the destruction of two power generators in Beirut, though he went on to say

that "the concern of the Israeli government to protect its population, is legitimate".

The hostilities between Israel and the Hizbollah guerrillas in southern Lebanon have provided an awkwardly tough and early test of President Jacques Chirac's new Middle East policy. Less than two weeks ago, the French leader was in the region to proclaim his desire for France, and Europe, to play a more political role in the

In the wake of his trip to Lebanon, and of last weekend's dash to Paris by his close friend, Mr Rafik Hariri, the Lebanese prime minister. Mr Chirac felt impelled to take de Charette to Jerusalem on Monday and to Damascus and Beirut yesterday. The de Charette mission is

also a test of the usefulness of maintaining links with Iran, which along with Syria has been urged by France to exercise a moderating influence on Hizbollah. At French insistence, the EU had adopted what it calls a "critical dia-logue" with Iran, in contrast to the US which has cut off contacts with Tehran.

"If Iran shows itself to have some influence with Hizbollah, then this will be an additional argument for our 'critical dialogue", a French official said vesterday. This week Mr de nian opposite number. Mr Ali Akhar Velayati, who yesterday sent his deputy to Damascus. The new Israel-Lebanon cri-

sis comes in the wake of an increase in the French economic role in Lebanon, where France has kept several hundred peacekeepers since 1978. But French diplomacy seems aimed mainly at recreating the 1993 Israel-Hizbollah understanding not to target each other's civilians, a tacit agreement which Iran and Syria helped to achieve and which both Tehran and Damascus now endorse.

Israel's public rejection of a return to the 1993 status quo risks forcing Mr de Charette to return to Paris empty-handed.

Minister jets . Waklista off on mission to bolster rand

The South African rand again hit record lows against a strengthening dollar yesterday, as Mr Trevor Manuel, the new finance minister, left for a fivecity international tour during which his policies and personality will come under close

The rand slipped another three cents against the dollar yesterday to touch R4.25, a fall of nearly 14 per cent since the middle of February when illfounded rumours about President Nelson Mandela's health sparked the initial decline. It closed in Johannesburg marginally higher at R4.24 Mr Manuel, the first member

of the African National Congress to become finance minister, said before leaving for London that macro-economic policy would be maintained. He was fully committed to fiscal discipline, the fight against inflation would continue, and there would be no sudden removal of foreign exchange

"In due course, the remaining exchange control measures will be steadily removed. The timing and sequence will be worked out by the department of finance and the Reserve Bank," he said. "There will not be a big bang.

Mr Manuel played down the significance of an ANC politician taking over the finance ministry from Mr Chris Liebenberg, a banker who had no political attachment. But he acknowledged this could be a

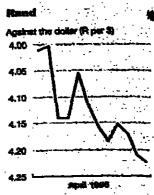
factor influencing the markets. "The question I cannot answer is whether it is nervousness about me, whether it's nervousness about a possible shift in fundamentals, whether it is a perception that the currency may have been overvalued, or whether it is a mix of all these," he said.
"That is something I shall have to work out.

"But what I am trying to do is set policies that will allow serious people to appreciate

exist in South Africa." The government's basic objective of "a better life for all" would not be achieved "by reckless populism," he said. Nor would it be achieved by creating a situation of "every man for himself", or by expecting the markets to resolve the serious structural deficiencies

in the economy. So, for me, it is about learning how to play hopscotch in a minefield. It is about understanding the opportunities and the restraints, and about having sufficient humility to take sound advice. he said.

The advice would come from within his own department



from the Reserve Bank, and from the private sector. Mr Manuel also has no doubts about the importance of the markets. "The South African economy is not very malleable. And we are dealing with a world where capital markets can be a more important indicator of an economy's health - albeit responding to signals that not too many people will understand - than parliaments," he said. "Globalisation, capital flows, and the

Mr Manuel will be accompanied by Mr Liebenberg on his 10-day trip which will include Frankfurt, Zurich, New York and Washington.

volatility this can create, espe-

cially in emerging markets, are

things that you ignore at your

NEWS: THE AMERICAS

Congress aims to cut death row appeals

By Jurek Martin, US Editor, in Washington

Congressional conservatives in the US, having failed to make it harder for the legislature to raise taxes, were making progress vesterday towards another goal - reducing the avenues of appeal available to prisoners facing the death sentence. On Monday night, the House

of Representatives symboli-cally voted in favour of a constitutional amendment requiring two-thirds majorities in Congress for any tax increase. But the final division - 243:177 - was well short of the number needed (280 of those present) for approval. However, a conference com-

mittee of both houses reached broad agreement on the details of a counter-terrorism bill long sought by President Bill Clinton but delayed in part because of disagreements over the rights of those convicted for capital crimes, in the vast majority of cases totally unrelated to acts of terror.

The Republican leaders intend to have both chambers pass the bill and Mr Newt Gingrich, the House speaker. has pledged to have the legislation on Mr Clinton's desk by Friday - the first anniversary of the Oklahoma City bombing which killed 169 people in the worst incident of US domestic

terrorism.
The White House continues to have reservations about the legislation, both because of the provisions covering inmates of death row and because it contains less sweeping federal wire-tapping authority than the administration had requested. But Mr Clinton is expected to sign it when he returns from his trip to the Far East and Russia.

The original bill passed the Senate with ease last June but was derailed in the House by an improbable coalition of the gun lobby and civil liberties

The version passed by the House in February, while Mr Clinton was at the anti-terrorism summit in Egypt, was dis- conviction to execution.

missed as inadequate by the president. The conference committee agreement goes some way to meet the demands of the National Rifle Association. It continues to limit multipoint wiretaps, mostly aimed at cellphones, and the chemical "tagging" (for identification purposes) of explosive materel, including the common fertiliser used to make the Okla-

satisfied with the outcome, except over restrictions on wiretaps. The summary depor-tation provisions for suspected terrorists remain in the bill, as do denials of US visas to those believed to be associated with foreign terrorist organisations. Both may be challenged in the courts if they become law.

That fate may also wait the clauses on death row appeals. or habeas corpus. Current fed-



Gingrich: firm pledge

on such appeals, but the bill would require that, in most cases, they be filed within six months of the state legal proand would oblige federal courts to pass judgment in capital cases within six more months. exist, including that of clem-

homa City bomb. Civil liberties groups are less

eral law imposes no time limits cess having been completed Other avenues of appeal ency to a state governor, but the effect, according to the

bill's sponsors, would be to cre-

ate a two-year maximum from

Dip in March output attributed to strike at General Motors plants

US production outlook better Reforms agreed

The outlook for US industrial production is improving, despite the impact of a strike at General Motors, the vehicle-making company, which artificially depressed out-put last month, figures showed yesterday. The Federal Reserve said that production had fallen by 0.5 per cent last month, following a revised gain of 1.3 per cent in February.

During the first quarter as a whole, US production grew at an annualised rate of 2.7 per cent - up from 0.6 per cent in the final quarter of last year. However, the Fed said that the underly-

ing picture for US manufacturers was brighter than these figures were suggesting. Production would have risen by 0.3 per cent last month but for the 18-day strike at General Motors which led to an

By Raymond Colitt in Caracas

Venezuela's President Rafael

Caldera has unveiled details of

a national economic stabilisa-tion plan, including tax and petrol price rises, and the lib-

eralisation of interest rates.

This represents a reversal of his previous interventionist

"We have taken these mea-sures because we have to," Mr

Caldera said in a national tele-

vision address late on Monday. "We are confident that, after a

period of discomfort, adjust-

ment and disturbance, [the

measures] will open a path of

recuperation and economic development in Venezuela."

The austerity measures aim

to reduce the government's

budget deficit from 6.1 to 2 per

cent, and are to pave the way

for a \$2.5bn stand-by agree-

ment with the International

Petrol prices, previously

among the lowest in the world,

were raised yesterday from an

average Bs9.7 (3 US cents) to

Bs55 a litre. A sharp rise in

petrol prices in 1989 provoked

protests and looting, during

which more than 300 were

Sales taxes, levied on whole-

salers, are to rise from 12.5 to

16.5 per cent. Mr Caldera said

the government had the votes

in Congress to approve the

killed in the capital Caracas.

Monetary Fund.

erratic 15 per cent decline in the output of motor vehicles and parts.

The production figures follow reports last week of rapid growth of US consumer demand in the first quarter and signs of upward pressure on food and energy prices. Some Wall Street economists are now worried that faster economic growth will put upward pressure on wages and prices, making a tightening of monetary policy necessary later this year.

"My guess is that March will be the low point for production," said Mr Stephen Roach, chief economist at Morgan Stanley, the US investment bank. "Production gains will accelerate now that companies have eliminated the overhang of inventories." He said that he was more worried about the risk of inflationary pressure developing than at any time in the past seven or eight years.

The outlook for industrial production has been obscured by a series of distortions. The strike at General Motors was preceded by severe winter storms, which depressed output in January, and by a strike at Bosing, the aircraft-maker, which cut production in the final period of last

Economists now expect production to revive in response to the broadly based increase in consumer demand in the first quarter. However, some recent indicators, such as the national purchasing manager survey, continue to indicate depressed conditions in manufacturing.

Last month's fall in production left overall output 1.3 per cent higher than in March 1995. Excluding cars, output is up by 2.5 per cent. Industrial capacity utilisation dropped by 0.7 per cent last month to

Venezuela switches Brazil hit by strike

By Angus Foster in São Paulo

Mr Caldera reiterated his determination to free foreign exchange controls, which have been in place since June 1994. A central bank spokesman said that a new foreign exchange regime would be announced today, when "a working agreement" would be signed between the finance ministry and the central bank to co-ordinate exchange rate been positive. The government tried to play

policy. He did not say whether the flotation of the bolivar would be immediate. The government is widely expected to announce a 50-60 per cent devaluation before the flotation of the currency.

"The announcement was a positive sign and in line with a growing tendency toward mar-ket-oriented reform," said Mr Lawrence Goodman, an economic analyst with Salomon Brothers in New York. "They're moving very slowly and carefully, and we need to see them implement the remaining measures they

announced, Caracas stock market investors remained cautious. The Merinvest composite index at noon yesterday was at 185.95,

the IMF had suggested increas-

interest rates will be deter-

mined by the market as of

today, the central bank said.

ing the tax to 18 per cent.

to austerity policy in civil service

Brazil was hit yesterday by a patchy civil service strike over a pay claim, which highlighted the government's mounting budget problems. Union leaders said public

servants at universities, courts and social security offices were adhering to the strike, which was called to press the government to concede a pay rise across the board. Several thousand people marched to the presidential palace in Brasilia, and a union spokeswoman said the response to the strike had

down the extent of the strike, and its spokesman said the number of people obeying the call would not be known until

However, there were brief interruptions yesterday at the Central Bank, where employees say they have been awaiting a readjustment in pay scales for more than a year. A Central Bank announcement last week that its lower-paid employees were to receive big pay rises has been denied by the central government, which feared other civil servant groups would use such a rise

Confusion about the oppose these changes and have announcement, and continuing low morale in the bank, suspension.

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as a precedent.

prompted renewed rumours hat its president, Mr Gustavo Loyola, was preparing to resign. Yesterday, he denied he was about to quit.

Brazil's public servants more than 600,000 of them have been expecting a pay rise since January, the usual month for their annual increases. Union leaders are demanding a 46 per cent basic rise, compared to inflation last year of about 26 per cent. However, President Fernando Henrique Cardoso seems

determined to delay any pay award for as long as possible, and some ministers in his government support a pay freeze. The government's wage bill has more than doubled since 1992 and last year consumed 40bn Reals (\$40.4bn) of already stretched revenues. The government's operational budget deficit, which takes account of interest payments and infla-

tion, is expected to fall from 5 per cent of GDP last year to 3 per cent this, but economists say the government needs to control spending further. Mr Cardoso has proposed constitutional changes to make hiring and firing public servants easier, and to trim the payrolls of state governments. Public sector union leaders

used the strike to demand their

AMERICAN NEWS DIGEST

in Mexico

Mexico's main political parties, apart from the opposition National Action party (PAN), have agreed to reforms aimed at bringing about fairer elections.

The reforms, which President Ernesto Zedillo has been trying to achieve since January 1995, will introduce direct elections for the mayoralty of Mexico City, an opposition stronghold, and include constitutional changes to permit referendums. They would also abolish government control of the Federal Electoral Institute, which is to become an independent authority overseeing elections.

The government is to strengthen the public financing of political parties and guarantee fairer access to television for party broadcasts during elections.

The reforms were presented by the leaders of the ruling Institutional Revolutionary Party (PRI), the left-leaning Revolutionary Democratic Party (PRD) and the small Workers' Party (PT). The conservative PAN, however, boycotted the talks in protest at alleged fraud during municipal elections in Puebla state this year.

The PAN yesterday sought to belittle the significance of the accords, saying they represented only a "statement of good intentions" short of a comprehensive pact on political reform. Although the talks did not meet Mr Zedillo's goal of an all-party accord, they yielded another government objective: that of isolating the PAN, whose growing electoral strength during Mexico's economic crisis has begun to undermine the PRI's 67-year grip on power.

Leslie Crawford, Mexico City

Vaccine upsets Brazilians

Brazil has suffered its second public health scandal in less than a month, when more than 3,000 people, nearly all children, suffered violent reactions to meningitis vaccinations on Monday. Children were taken ill with fever and vomiting, and a three-year-old girl suffered a heart attack, after vaccines were applied in two towns near São Paulo.

The vaccination programme, part of a campaign against the The vaccination programme, part of a campaign against an growing incidence of meningitis, has been suspended pending an investigation of the locally produced vaccine. Doctors and patients say Brazil's public health system has long been in crisis through government neglect and corruption. Last month, toxicity in a kidney dialysis unit in the northern city of Caruarú led to blood contaminations which have so far killed more than 40 people. Angus Foster, São Poulo

Colombian guerrillas attack

Guerrillas in the mountainous southern Colombian region of Naribo attacked a convoy of army trucks on Monday night, killing 31 soldiers and injuring 17. This was the worst such ambush for at least three years.

The trucks were blown up by mines on a deserted stretch of road six kilometres from an army barracks. The guerrillas, apparently members of the Revolutionary Armed Forces of Colombia (FARC), raked the soldiers with machine-gun fire. Guerrilla activity has more intense lately. Also on Monday. a police training school in the capital, Bogotá, was attacked by rockets, while the chairman of the congressional peace

Last week, an offensive left more than 40 people dead after rebel units had blocked roads, burned vehicles, dynamited oil installations and attacked patrols and police posts. Guarrilla groups have rearmed with profits from the drug trade and, in some areas, easily overwhelm the military and the police. The security forces have begun to withdraw from some guerrilla-dominated areas and some small towns will be left without even a police post.

Sarita Kendall, Bogotá

commission in the south-west of the country was kidnapped.

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MEWS: WORLD TRADE News: WORLD TRADE Kazakhstan tariff cuts will strain customs union with Russia Servict republics countries are loath to free executives said their contracts cent on car imports, and hetween 5 per cent and 20 per cent on car imports, and hetween 5 per cent and 20 per cent on car imports, and hetween 5 per cent and 20 per cent on car imports, and hetween 5 per cent and 20 per cent and 20 per cent on car imports, and hetween 5 per cent and 20 per cent on car imports, and hetween 5 per cent and 20 per ce

products from tomorrow, easing trade relations with the west but straining a fragile new customs union with its neighbours.

Kazakhstan's unilateral move to cut tariffs on cars from about 40 per cent to 2 per cent, and also on furniture and factory and farm machinery industries Russia is eager to protect from better quality and cheaper imports - is likely to

Kazakhstan announced its move days before Kyrgyzstan joined the union - which is designed to harmonise tariffs last month.

Mr Trek Begakhmetov, Kazakhstan's deputy economics minister, said that Kazakhstan had asked Russia last year to agree to a lower import rate for the items but opted to go it alone when Russia declined.

rose by more than 50 per cent in the past year, "Maybe this is a step back. But Kazakhstan is a sovereign state and has its own interests to defend. We don't produce cars. We were basically defending the

Russian industry." Customs officials said export tariffs on gas, oil and most metals would also be cut by 50 per cent, following a similar cut in Russian levies this

ensure domestic needs are met and to stem a flood of heavily subsidised commodities onto the world market. But high inflation and a cut in subsidies. combined with stabilisation of the exchange rates, are gradually rendering the tariffs

unnecessary. Russia and Kazekhstan have applied for membership of the World Trade Organisation and pledged to abolish all export tariffs this summer. Both Kazakh officials say they may toughen export licensing to prevent dumping on the world market.

Kazakhstan's tariff cuts could boost new investments but are unlikely to affect US oil company Chevron and most other big oil and gas companies operating in Kazakhstan, as they obtained exemptions from export duties when they

Emerging economies accounted for the fastest growth within the 10% overall increase in 1995

expected tax increases that would compensate for the abolition of export tariffs. Thursday's tariff cut on cars

will apply only to imports by private citizens, but on June 1 dealerships will benefit as Many dealers have not sold a single car since Kazakhstan

year, Russia, which has four

big car producers to protect,

now exempt such equipment from tariffs. Western diplomats welcomed the tariff cut, calling the customs union with Russia a barrier to entry in the WTO. But many Kazakh officials sharply raised duties to comply privately say the cut did more with the customs union last harm than good and predict

compromise with Russia.
"Nobody actually paid those tariffs anyway, so maybe there was no need to cut them so drastically," one official said. "If we are in a customs union we should do these things together, by consensus.

 The WTO's general council yesterday agreed to set up a working party to negotiate accession terms and conditions for Kyrgyzstan, along the lines of similar working parties

First western nuclear plant in E Europe opens

By Virginia Marsh in Budapest

Mr Jean Chrétien, Canada's prime minister, will today open Romania's first nuclear plant, the only one in the former eastern bloc built with western rather than Soviet technology. This winter, Romania's worst in 25 years, has seen cuts in supplies of electricity to industry because of energy shortages. Although Romania has a well developed oil and gas sector, it imports around half its primary energy requirements and has struggled to finance energy import

bills of about \$100m a month. The Canadian-built reactor will eventually meet around 8 per cent of electricity demand. It is due to begin supplying the national grid later this year.

The plant, situated 170km east of Bucharest at Cernayoda on the river Danube, will eventually have five 700MW Candutype reactors. Only the first reactor is complete, while a second is about 40 per cent fin-

Candu reactors use natural uranium and heavy water, which have lower radioactivity than the enriched uranium used by most nuclear plants. Canadian officials say the fuel type and the encasement of the reactors in concrete make the Candu reactors safer and cleaner. As well as Canada. South Korea and Argentina on the Danube.

have opted for Candu nuclear

stations. The plant, which was begun in 1979, was scheduled for completion in the 1980s but was dogged by chaotic management and technical problems during the regime of late dictator Nicolae Ceausescu. Construc-tion was halted in 1990 after a survey found equipment was in poor condition and that more than a third of welding was faulty. Work on the first reactor was restarted in 1991 and in 1992 the post-communist government negotiated new soft loans from the Canadian government and additional financing from a consortium of Italian banks.

Cernavoda has been built by Atomic Energy of Canada together with Ansaldo of Italy and Renel, Romania's state electricity company. It is estimated to have cost more than \$3.5bn to date, well over budget. The industry ministry estimates the second reactor, which Romania hopes can become operational around the year 2000, will cost about \$800m to complete.

The opening comes amid growing western concern at the deterioration of nuclear plants in the former Soviet bloc and as pressure increases on neighbouring Bulgaria to close the oldest reactors at its Kozloduy plant, also situated

Recorded music sales bound towards \$40bn

By Alice Rawsthorn in London The global music market saw sales increase by 10 per cent to a total of just under \$40bn last year, according to figures released today by the Interna-tional Federation of the Phono-

graphic Industry. Last year's growth marks the latest phase of a buoyant period for the recording industry, which has benefited from continuing clampdowns against piracy and the emer-

The global music market has grown by 38 per cent over the past three years from \$28.8bn in 1992 to \$39.7bn in 1995,

according to the IFPL
The chief beneficiaries have been the "big five" recording companies that command twothirds of world sales: Poly-Gram of the Netherlands, Sony of Japan, Warner of the US, Bertelsmann of Germany and the EMI Music of the UK.

However, the shape of the

international market is chang-ing. Growth slowed last year in the US, which has for decades been the world's largest music market, and accelerated in Asian and Latin America countries such as Brazil, India and

Music sales in the US were virtually static last year, rising by 22 per cent to \$12.1bn. The slowdown reflected a dearth of exciting new releases, disappointing sales from several 1980s megastars, including Michael Jackson and Madonna

and intense price competition. Other established music markets showed strong growth, notably France, where retail sales rose by 8 per cent to FFr11.9bn, and Japan, the world's second largest music market, with an increase of 9.2 per cent to Y714.2bn.

The fastest growth came from emerging economies, where the effect of economic expansion was intensified by suppression of music piracy. Sales rose by 19 per cent in India in local currency terms,

by 12 per cent in the Philip-pines. Brazil, Hungary, Slovakia and the Czech Republic also showed double digit sales growth.

cent on machinery, such as

combine harvesters:

Kazakhstan, by contrast, will

that Kazakhstan may raise

import rates again in a

Expanding markets, particularly those in Asia and Latin America, are nurturing their own indigenous stars, making it difficult for new Anglo-Saxon acts to break through internationally.

There are exceptions, nota-bly Mariah Carey, the US singer who has built up an early twenties. But musical taste is generally becoming more chauvinistic and local stars, including Hong Kong's Jacky Cheung and Brazil's becoming increasingly popular in their regions.

The Recording Industry In Numbers is available from the International Federation of the Phonographic Industry, 54 Regent Street, London WIR 5PJ. 0171-434 3521.

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WORLD TRADE NEWS DIGEST

Laiwanese join 'Asia car' plan

yesterday it would take part in the four-country "Asia car" project, led by Mitsubishi of Japan, to build a new range of Mitsubishi cars on the island.

The cars will also be built in Indonesia and the Philippines by Mitsubishi affiliates. Taiwan will comprise the biggest portion of the plan and the cars to be built by China Motor could be worth between T\$1.8bn and T\$2.4bn (between US\$66 and US\$88m) in annual sales, according to a China Motor official.

Meanwhile, General Motors is expected to announce the location of its planned \$1bn Asian car plant before the end of June, according to a company official. The Philippines and Thailand have been competing for the prestige venture. The official said GM was still evaluating its options. *Reuter, Taipei*

Snecma extends GE partnership

Snecma, France's state-owned aero-engine maker, has agreed to join its traditional partner. General Electric of the US, in developing higher thrust versions of the GE90 engine. The loss-making Snecma had, for reasons of cost, refused to join GE in developing derivatives of the GE90 engine in which it has a 25 per cent share. But Mr Bernard Dufour, the Snecma president, said yesterday they had found a reasonable technical solution through using the same high pressure compressor for a 100,000lb thrust engine as for the 92,000lb thrust engine which the two companies have already agreed to work on.

David Buchon, Paris

France quits anti-missile project

France said yesterday it was pulling out of an international France said yesterday it was pulling out of an international project to develop an anti-missile defence system, saying that for the moment it lacked sufficient defence funding to pursue the programme with the US, Germany and Italy. A framework agreement for the "medium extended air defence system" (Meads) was to have been signed by armaments directors of the four countries attending a Nato conference this week. But diplomats said yesterday that the agreement would now have to be re-drafted in the light of France's abstention. The Meads project, designed to produce 360-degree cover against ballistic missiles, was expected to cost FFr185bn (\$36bn), almost equivalent to the entire French annual defence budget, with the US paying half, France and Germany 20 per cent each and litaly 10 per cent.

David Buchan, Paris Italy 10 per cent.

EU in scrap iron 'breakthrough'

The European Commission has persuaded Romania, Bulgaria and Poland to phase out export restrictions on ferrous scrap, a raw material vital for steel production. It has also persuaded the Slovak Republic to increase its export quota for scrap this year, and Russia to reduce its export tax on the product. As a result, an extra 735,000 tonnes of scrap will be released by the four eastern European countries, worth Ecu25m-Ecu35m (\$31m-\$44m) to the EU steel industry.

export curbs depress local prices and enable exporting countries to sell steel products to the EU at artificially low cust. The deal is part of a requirement for eastern and central European countries with "association" agreements with the EU to remove export curbs ahead of possible EU membership. At the same time, the Commission said it was prolonging suspension of anti-dumping duties on erasable programmable read only memories (eproms) from Japan until April 1997, as a market downturn could lead to resumed dumping, even

The Commission said the deal was a "breakthrough" as

though dumping of cut-price eproms had currently Neil Buckley, Brussels





When a company aims for continuous improvement, a Customer Service department is not just useful, it's essential.

it enables you to respond directly to customers' questions and needs. The objective being to build long-lasting personal relationships.

My name is Maria Carla Stucchi, and I'm in charge of Customer Service at Philips.

On average, my staff answer 400 hotline calls every day, bringing together the needs of the company with those of the customer. All that listening leads to understanding.

And understanding is the first step to improvement.



PHILIPS

HK banks to Taiwan shares retreat on fund sale fears face change in securities law

By Louise Lucas in Hong Kong

Hong Kong's banks will lose their automatic right to trade in securities over the next two years, under a new omnibus bill released yesterday by Hong Kong's Securities and Futures Commission (SFC), the colony's securities regulator. Under the bill, banks that

now enjoy exempt dealer status will have to obtain retail securities dealers' licences where those dealings go beyond normal ancillary banking business. Some 157 authorised institutions are now exempt dealers, 98 of which are licensed banks. The remainder are restricted licensed banks and deposit-taking companies. Securities business at these institutions will be gauged over the next two years; those deemed to require a licence will have to set about obtaining authorisation. The move to bring banks in line with other dealers is part of the composite securities and futures bill pub-

lished by the SFC. The bill, designed to rational-ise existing legislation in line with recommendations mooted in 1988, is set to rekindle charges that the SFC is assuming too much power. The government, while welcoming the consultative document, says it will carefully scrutinise the bill that emerges after the three-month consultation to assess

over-regulation risks. One area of concern cited by Mr John Wan, senior official with the financial services branch, is the SFC's proposal to define what is a security. Under present legislation, that responsibility rests with the government. That alone will have far-reaching implications. If you give too much power to the SFC, there is always the danger the market will be overregulated."

Industry practitioners. whose views will be canvassed over the next three months, are also likely to balk at the proposed change the SFC argues is needed to keep pace with the market place and increased product range. The consultative paper says: "This is to ensure the definition of securities is flexible and does not inhibit the market from trading new and innovative products."

Objections may be expected from the stock exchange, an old adversary of the SFC, given the watchdog's proposal that banks or other issuers could approach the SFC for approval rather than their direct regula-tor, the stock exchange. More popular with the exchange will be the proposal to retain its monopoly, while making provisions to regulate electronic

Investors may be concerned that, despite the long gestation period of the draft bill, which is likely to be introduced into law early next year, guidelines on disclosure of interest have not been revamped.

Mr Anthony Neoh, SFC chairman, attributed this to the complexity of the issue but said he hoped to have a bill drafted by June and to bolt it on to the bill published yester-

By Laura Tyson in Taipei

Taiwan share prices retreated 3 per cent yesterday on heavy profit-taking after a sharp rally this month, as investors were shaken by news that a government-backed fund would be permitted to sell its holdings.

The government's announcement that participants in the fund were now free to adjust or sell was a reversal of an earlier decision they would be required to maintain their

holdings for at least one year.

"As the economic factors have abated, the fund's seven-person decision-making group have recently agreed that all the fund contributors can start to adjust shareholdings according to their own professional judgment," said Mr Thomas Yeh, a senior official at the cabinet-level Council for Economic Planning and Development, which organised the

Share prices have risen nearly one

"fund" on February 23. It was set up to stabilise share prices during the run-up to Taiwan's first democratic presidential elections on March 23 and to counter negative sentiment created by Chinese military exercises held near the island.

Participants were mainly government-related institutions, including the postal savings system, pension funds, state banks and insurance companies, Although a T\$200bn (\$7.36bn)

ally spent, Mr Yeh said.

The rally was sparked in earnest by a Securities and Exchange Commission announcement in early April that Morgan Stanley, the US investment bank, might include the Taiwan stock market in some of its various worldwide equity market indices in September.

Although Morgan Stanley has yet to produce a firm timetable, the

war chest was originally readied for announcement set off a buying spree investment, some T\$70bn was actu- among the retail investors which dominate share trading, as well as foreign investors.

Morgan Stanley's indices are a commonly used benchmark for international fund managers. If Taiwan were to be incorporated into the indices, in theory many funds would seek to increase their weightings in Talwan shares, resulting in an influx of foreign funds into Taiwan, pushing up share prices.

Vietnam gives the dragon's tail another tweak

Jeremy Grant on an oil contract that amounts to a challenge to Beijing's offshore sovereignty claims

he cyclo-rickshaw drivers stationed outside Hanoi's Hotel Metropole have started wearing baseball caps displaying the logo of the US oil giant Conoco.

It may have been an innocent-enough publicity stunt, but their action also tells of a recent move that raises the spectre of renewed insecurity in south-east Asia. A week ago Vietnam's state

oil agency PetroVietnam signed a joint exploration contract with Conoco for two blocks in waters off the Vietnamese coast claimed by China.

Vietnam says the blocks, which are in an area known guard Bank and in Vietnam as Tu Chinh and which are close to important shipping routes, are part of its continental shelf. China has said the deal cannot go ahead as it is in Chinese territory.

But far from setting off diplomatic alarm bells, Hanoi appears to have got credit for a move calculated to cause least possible offence while putting out a marker that it feels the



PetroVietnam and Conoc are to explore for oil in Blocks 133 and 134 which are in the Vanguard Bank, which begins at about 300km off Vietnam's coast. However, Block 133 covers much of the area Beijing awarded to Crestone Energy Corp, a little-known Denver-based oil company, in 1992.

The Conoco contract is thus the most blatant challenge to Chinese sovereignty claims since Hanol in 1994 allowed

Mobil of the US to explore an China's. That claim stems from area which Vietnam calls Thanh Long. "It belongs to the centuries old tradition of tweaking the dragon's tail," said one European diplomat.

Hanoi has picked a good moment to test China's resolve. Relations between Hanoi and Beiling have been improving in recent months, with a ground-breaking visit to the Chinese capital in November last year by Communist party general secretary Mr Do Muoi and the restoration of rail links in February.

It may also hope that Beijing does not have the appetite for another diplomatic scrap so soon after tensions with Taiwan during the Taiwanese presidential election campaign last month

And with recent international approbation - Washing-ton normalised relations with Hanoi eight months ago, just after Vietnam joined the Association of South East Asian Nations (Asean) - Vietnam will no doubt be counting on tacit support from abroad. Vietnam is partly basing its

Minh City. gamble on the belief that its claim holds more water than

the UN Convention on the Law of the Sea, which it ratified in issue bilaterally. 1994 but which China has not. This says that in order to claim sovereignty over an area out-side an internationally accepted 200 nautical mile

"natural prolongation" of its continental shelf. While most of the Vanguard Bank is within the 200-mile limit, some is not. Vietnam claims, however, that the remaining area is indeed a natural prolongation of its conti-

(370km) limit, a country must

show that the area claimed is a

nental shelf. A study completed last year by Washington-based lawyers Covington & Burling concluded that a court would recognise Vietnam's claim on

this basis. "As far as the law is concerned, the Vietnamese have a strong claim both in customary international law and in international conventions," said Mr Michael Horn, a lawyer specialising in oil and gas at Sinclair Roche & Temperley in Ho Chi

China has said it will reject any attempt to submit the dis-

pute to international jurisdiction, preferring to settle the

Industry experts agree that Vietnam has added political weight to its claim by linking up with a major US oil com-pany, in contrast to China's selection of the little-known Crestone. "I think it's fair to say Vietnam is pleased to have large American name attached to what is quite a controversial block," said a foreign oil company official based in

Conoco's role in all this appears to be strategic, given doubts in the oil industry about the promise of the Vanguard Bank, and the fact that it is in deep water, which would make development costly, even if large hydrocar-

bon deposits were found. Conoco is part of a foreign oil consortium that hopes to clinch exploration rights to Block 15-01, arguably the country's most promising prospect.
The Houston-based company

may be hoping that by showing solidarity with Vietnam in the controversial Vanguard Bank, it may increase the consortium's chances of winning

"It (the deal with PetroViet nam) can be seen more as posturing than a solid exploration commitment," said Mr A Troner, managing director of Asia-Pacific Energy Consult-

ing, based in Kuala Lumpur. Meanwhile, diplomats note that China stopped short of outright condemnation of the Conoco contract, perhaps biding its time before making a more substantial response.

Some argue that Belling will wait for the outcome of a landmark congress in June of the Vietnamese Communist party to gauge whether any leadership changes will affect Vietnam's China policy.

One option for China is to step up its naval activity in and around the Vanguard Bank, a move likely to be watched closely by the US.

The US has so far declined to take sides. Last week, the State Department's only response to the development was that Washington "underscored the risks of conducting exploration activities in these areas until the claimants have first reached agreement on their

ADB urges steps to fund urban projects China regulation irks news agencies

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By Edward Luce in Manila

Asian countries should speed development of local bond markets and overhaul government investment strategies if they are to raise the estimated structure modernisation during the next 25 years, accord-

ing to a report out yesterday. The study, produced by the Asian Development Bank for a seminar on urban infrastructure in Manila yesterday, increases the estimate for Asian infrastructure needs to \$6,900bn over 25 years from the previous figure of \$1,500bn over the next 10 years. The fig-

spending needed to meet the region's ambitious growth projections.

"The requirements are staggering and the pressure on governments to raise the necessary resources equally daunting, but without such investment, economic growth

ure is an estimate for the is likely to falter," the study

The huge scale of demand for new finance will force governments to privatise more infrastructure schemes and speed development of capital markets to increase the availability of funding for urban infrastruc-

By Tony Walker in Beijing

Foreign news agencles supplying economic information in China are confused about controversial new regulations aimed at controlling their activities.

Mr Phillip Melchior, managing director for Reuters East Asia, said the regulations issued by the official Xinhua news agency on Monday left "fundamental issues unclear" and "did not resolve major concerns". "We are studying the matter

closely and will continue to discuss our concerns with Xinhua," he added. Other agencies

affected include Dow Jones-Telerate and Bloomberg.

The new rules, requiring foreign news vendors in China to register with Xinhua and subject their services to monitoring by the official news agency, refer to a management fee, but do not specify a formula for levying such charges. Xinhua has been talking about a 7 per cent levy on the gross income of foreign agencies. Initially, it had proposed

a 15 per cent charge, but this prompted strong objections from Reuters and the other Western governments bave

regulations, which appear to pose a threat to the free flow of information. The US has included the issue in its discussions on Chinese infringe-

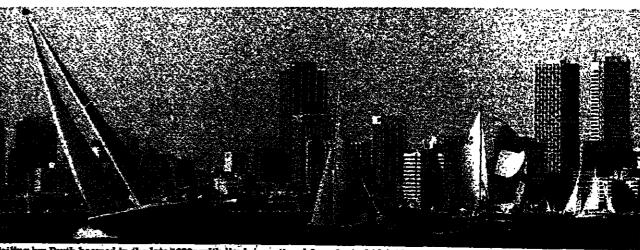
ments of intellectual property A Reuters official said that among unresolved questions was the status in China under the new regulations of data bases separate from the "real time" information provided by economic wire services.

Xinhua said the rules were "aimed at upholding state sovereignty, protecting the legitimate rights and interests of domestic users of ecochallenged China over the new nomic information, and pro-

moting a healthy development of China's information indus-

Representatives of foreign gencies believe that Xinhua, in its efforts to stiffen regulations over news vendors, is motivated largely by a desire to reap financial benefit from levying a management

Xinhua, the propaganda arm of the Central Committee of the ruling Communist party, is being obliged to become self-supporting. Its staff num-ber 7,000 and its forays into money-generating publishing ventures have met with mixed



Sailing by: Perth boomed in the late 1980s with the international fame brought by Alan Bond's defence of the America's Cup Grand Charles and Company of the Skies clear in Australia's west

weekday lunchtime, and the al fresco res-taurants along Fre-mantle's main road are bustling. If cafe society is any measure of economic health. then the Western Australian twin cities of Perth and "Freo" are on a roll.

It is probably an exaggeration to say boom times are back in Australia's westernmost state. But a surge in resource-related investment and the possibility this could multiply over the next five years seem to have brought a spring to the locals' steps.

Already, the investment upturn has been accompanied by a number of corporate relocations. Most prominent domestically has been Woodside Petroleum, the oil and gas producer. It has long stationed its operational base in Western Australia but is now moving its head office from Melbourne to Perth. It will be WA's biggest listed company.

This trend has also been mirrored at international level. When France's Coffexip, which provides sub-sea services to the energy sector, took over Stena Offshore in 1994, it located its Asia-Pacific headquarters in

Perth's boom in the late 1980s was inspired by businessmen such as Mr Alan Bond, who brought Perth and Fremantle international fame with his defence of the America's his defence of the America's by possession in investment figures look draw on either scrap or pro-

1987 Now even the skyscrapers along the Swan River in central Perth, which came to symment in WA was about A\$4bn bolise those rash, heady days, seem to be filling slowly.

"There has certainly been some upside for the central business district," says Mr Anthony Jones at Knight Frank Hocker, "and it could improve further."

If café society is a guide, Perth and Fremantle are on a roll. writes Nikki Tait

In one respect, the upswing is not so surprising. WA has long been among the most volatile of the Australian states, operating from a small base (1.7m people) and heavily influenced by the mining sector. The state's economy surged more sharply than Australia generally in the mid-1980s. plunged more markedly after 1987 and has generally outperformed for most of the 1990s.

Many people think this upturn is different. This time, it's far more broadly based," says Mr Paul Farnhill, senior policy analyst at the Department of Commerce and Trade (DCT). "I think it'll be more

By Australian standards, the

(US\$3.1bn) a year; in 1992-93, it grew to more than A\$5bn; in 1994-95 it reached A\$7bn. "It's jumped by quite a significant factor," notes Mr Bruce Sutherland, the DCT's chief execu-

But, according to the latest Investment Monitor from Canberra-based Access Economics, this could be just the begin-ning. It calculates the total potential investment in WA that is, projects under construction, committed or under consideration - is at present A\$42.4bn or almost a third of the Australian total.

Separating the "blue sky" projects from the ones that have a good chance of being implemented is difficult. Two sectors account for much of the interest. The first is iron ore. For three decades, the rich, red earth of the Pilbara region, in WA's north-west, has been a major source, with most of the ore being exported to steel mills in Japan.

In the wake of deregulation of WA's energy sector a year ago and a near-halving of wholesale gas prices, local downstream processing of the ore has begun to look more attractive. This cost change has coincided with the growth of smaller "electric arc" furnace steel-making in nearby East Asian markets, which can

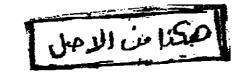
cessed iron as a feedstock. Interested investors range from RTZ-CRA, now the world's largest mining group, to Japan's Mitsubishi.

The second area which is poised for growth is the North-West Shelf. The original gas project, the largest resource development under taken in Australia, had a difficult birth, with around A\$20bn being spent to bring two large offshore gas/condensate fields into production.

This now supplies domestic gas and condensate, while LNG goes for export, mainly to Japan. On both counts, demand is growing. It is no secret that the project partners, including companies such as BHP, Shell, Chevron and Woodside, are looking at a multi-billion expansion.

Officials talk breezily of an annual growth for their state of 5 per cent for the foreseeable future: some 1.5-1.75 percentage points higher than for Australia generally. Still, in WA. where a mining-town mentality never seems too far away. some caution is advisable Even Mr Sutherland concedes local labour market shortages could pose a problem.

Much of the investment will be predicated on stable Asian demand. "The biggest downside would probably be a political event in the Asian region. says Mr Sutherland, "That's the kind of influence which could be destabilising."



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John J. Lawson, President, Business Aircraft Division, Canadair

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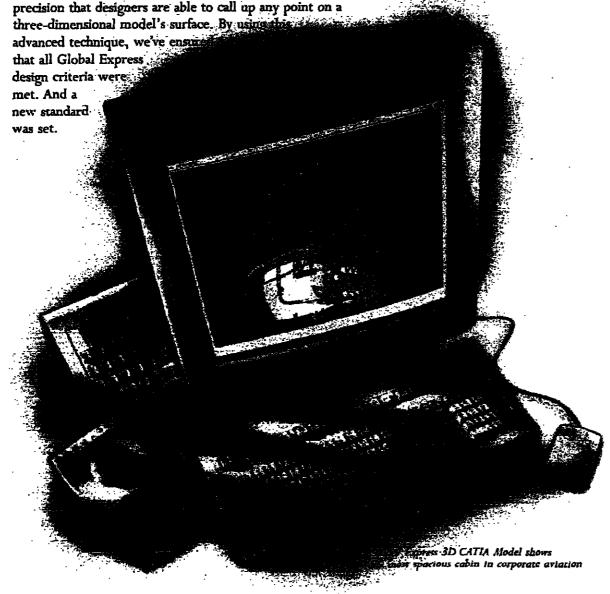
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The second secon

N Ireland peace process is launched

The British and Irish governments yesterday for-mally launched the Northern Ireland peace process with "guarded optimism" about a forthcoming restoration of the ceasefire by the IRA.

Mr Albert Reynolds, the Irish prime minister, suggested the IRA may wish to translate what he saw as a "de facto" ceasefire for the last two months into a full renunciation of violence.

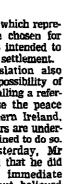
Sir Patrick Mayhew, the Northern Ireland secretary. however, warned that the IRA would have to restore the ceasefire soon in order to convince the government that it had met the conditions for participating in the talks starting

The comments came as the government laid before parliament the legislation necessary to enable elections at the end of next month to a "delibera- decommissioning of arms,

sentatives will be chosen for the all-party talks intended to reach a long-term settlement. The draft legislation also leaves open the possibility of the government calling a refer-

endum to endorse the peace process in Northern Ireland, but as yet ministers are understood to be disinclined to do so. In Dublin yesterday, Mr Reynolds clarified that he did not expect an immediate announcement, but believed that "if the right conditions are brought about by the British government announcement, a review of the whole situation

could take place". Sir Patrick yesterday said the government remained com-mitted to the preconditions laid out earlier this year by Mr John Major, the prime minister, and Mr Reynolds. They require the IRA to accept the principles of non-violence, as



Northern Ireland, yesterday by Ulster Carpet Milis chairman, Edward Wilson. Mr Heseltine is visiting the province to promote business competitivene before Sinn Féin, its political wing, can be admitted to the talks. He nevertheless sig-

nalled some leeway on the the use of the the word "addressing" Mr Martin McGuinness, Sinn Fein's chief negotiator, damp-

nent ceasefire. "If we can get rid of all the preconditions and have talks commencing and completed within an agreed time frame, then Sinn Fein is prepared to try again, but it's a massive challenge and it's going to be much more difficult this time around," he said. ened speculation of an immi-Mr Major has pledged to go

British deputy prime minister, Michael Heseltine, is shown around a factory in Portadown,

ahead with the peace process regardless of whether Sinn Féin participates and yesterday's legislation is intended to pave the way for the election and then the talks. The government is aiming to rush through the legislation in the next ten days, to enable elec-

Plans for immigration changes attacked

Financial Times Reporters

The government's controversial Asylum and Immigration bill, will not meet its objectives, probably contravenes international law, and will do serious harm to British race relations, an independent investigation has concluded.

The final report of the Glidewell Panel, an independent body led by Sir Iain Glidewell. a former senior member of the judiciary, said yesterday it was

Funding

projects

criticised

By David Wighton in London

The government is in danger of losing control over public

spending unless changes are

made to the operation of the Private Finance Initiative,

which aims to attract private

capital into public projects, an

influential committee of MPs

In a critical report yester-

day, the cross-party Treasury

Committee said there was a

"rather haphazard" system for

monitoring the future public

spending commitments under

PFI projects across all govern-

In the short term, however,

the committee said there was

also a risk of infrastructure

investment falling below expectations due to the gov-

ernment's optimistic projec-

"If there is a serious short fail in the PFI projections, it

will be difficult to provide

money from public capital budgets to fill the gap," the

using the PFI as a substitute rather than an addition to con-

It warned the government

against passing responsibility for long-term infrastructure

planning to the private sector.

"It would be unacceptable if

the government's planning for the future provision of roads

or hospitals began to be driven

by the shorter-term perspec-tives of private bidders," the

It also questioned the

assumption that a PFI approach would generally be better value for money than one funded by conventional public capital expenditure,

given that the government can

only some of the criticisms.

vate-sector companies' time."

He added that while the

Treasury has said it was work-

ing on a system of monitoring

PFI commitments it was

"incredible" it had not been in

place from the start.

committee warned.

efficiency gains.

ventional public spending.

ment departments.

tions for the PFL

committee said.

has warned.

for public

"not convinced" the bill would meet its objectives of cutting the rising tide of asylum seek-ers and illegal immigrants. It also warned that its implementation would have "dangerous implications" for race rela-

The report is a further series of withering attacks from the judiciary over a num-

By James Harding in London

strong media companies.

The opposition Labour party

'anti-competitive'

embarrassment for Mr Michael Howard, the home secretary. who has been the subject of a

as confirmation of its claim that the bill was flawed, and promised to step up its campaign against the legislation in the House of Lords, the unelected upper house of parlia-

Labour seized on the report

"An independent assessment of this bill shows that it is nasty, vindictive and racially motivated," said Mr Doug Henderson, shadow home affairs

In particular, the report says

the bill's provisions to make employers liable if they are found to have hired illegal immigrants would be expensive to implement and have little chance of succeeding.
Although similar legislation is already in place in all other

European countries, the bill has been publicly opposed by both the Confederation of British Industry and the Trades

Union Congress.
The Home Office yesterday rebutted the main findings of

the report, and insisted the bill would speed up the processing of genuine asylum claims. It added that the Commission for Racial Equality was fully involved in detailed discussions on how the bill might be implemented. There are no official figures

for the number of illegal immigrants in Britain, but estimates range from 20,000 to over a million. Last year nearly 44,000 people applied for asylum, compared to 33,000 in 1994.

Broadcasting bill | Names attempt to delay legal action

By Raiph Atkins. Insurance Correspondent

stop provided by general competition legislation. Although Labour was not expected to win the vote on Mr Cunningham's amendment outlining opposition to the bill, the debate signalled the likely rough passage that the bill will face in the Commons.

guards on plurality of owner-ship which go beyond the back-

As the bill came to the House of Commons from the House of Lords, Mr Jack Cunningham, Labour's national heritage spokesman, said: here is no level playing-field in the government's proposals - they are anti-competitive and By contrast, he said, "Labour

committed to seeing strong and diverse companies operating in local, national and international media markets." Mrs Virginia Bottomley.

national heritage secretary, defended the limits on media ownership, saying that "the media is an industry unlike any other". She added: "We

yesterday launched a wideranging attack on the broadcasting bill, saying that its proposals represented a regulatory obstacle to the development of

> Mr Cunningham promised that Labour would seek amendments at the committee stage to ease restrictions on cross-media ownership. Labour wants to lift the limits on national newspaper groups investing in television, in particular to give the Mirror Group access to the television

market. Mrs Bottomley took the opportunity of the debate to outline a number of amendments to the original bill. Among plans to encourage digital broadcasting, she announced increased capacity need to retain essential safe-

Leaders of ELOYD'S groups acting for litigating Lloyd's of London Names are hoping to win significant concessions from the insurance market after proposing the adjournment of an important

legal action due to start today. Some of the main groups representing lossmaking Names believe the decision could pave the way for extra help for their members under Lloyd's recovery plans, to be implemented this summer. Names are individuals whose assets have traditionally supported Lloyd's.

However the move has split them, with some in the US and Canada complaining that leaders of the biggest groups have sought special favours from

Mr Michael Deeny, chairman of the Gooda Walker action group, and Mr Damon de Lazlo,

chairman of the Feltrim Names' Association, are expected to explain the decision to suspend the action in letters to members later this week. The legal action would test

Lloyd's ability to change its rules so damages won in court by lossmaking Names are used to settle their outstanding debts at the market.

Yesterday Mr de Lazlo said: "The only deal that can be done is a deal that suits all the litigating Names...We're adjourning very much in good faith to try to progress the settlement negotiations." All litigating Names would

benefit if Lloyd's agreed proposals to restructure an out-ofcourt offer that is part of a recovery plan and expected to increase from £2.8bn (\$4.25bn) to more than £3bn. However Gooda Walker and Feltrim might gain further benefit if special treatment was given to litigation awards currently fro-zen in solicitors' accounts.

UK NEWS DIGEST

End of

telecoms

duopoly

backed

By Alan Cane in London

Government plans to strip

British Telecommunications

and Mercury Communications

of their exclusive right to pro-

vide international services out

of the UK over their own net-

works are broadly approved by the majority of Britain's larger

bring lower prices for custom-

ers through the growth of com-

petition on international ser-

vices, including the lucrative

There are serious concerns,

however, best articulated by

BT and Mercury, that unilat

eral liberalisation could disad-

vantage UK operators in com-petition with overseas

BT notes in its response to the plans: "All past experience suggests that unilateral open-

ing of the UK market will not

be followed immediately by

corresponding moves by other

date, in other countries."

could be at risk unless safe-

The government's own fig-

ures suggest there could be a net negative effect on the bal-

ance of payments of £9m

(\$13.68m) a year if routes out of

the UK to the rest of the world

were opened up.

BT and Mercury have operated as an "international duop-

oly" since the early 1980s. The

government's market liberalis-

ation plan was set out in a

consultative document published last month and submis-

sions from the industry were due on Monday this week. A final decision is expected

in the summer. To maintain

the UK's position as the tele-

coms centre of Europe, the

government is anxious to open

international routes before

January 1 1998 when the Euro-

pean Union has decreed all

telecoms services and infra-

structures must be liberalised.

AT&T of the US, which is

expected to be among the first

to apply for an international

licence, said it would like to see BT and Mercury's excess international capacity made

available to other operators at

cost price. It also wanted to be

able to interconnect with the

Energis, the UK operator

owned by the National Grid

said global licences - that is,

giving the right to transmit to

anywhere in the world -

should be awarded, but there

should be comparatively few,

say, five.

Mercury said it was princi-

pally concerned with the

potential for anti-competitive

behaviour bu operators with

control of both ends of an

international route.

cables at cost.

awarded operating licences.

transatlantic routes

The move is expected to

operators.

Unions expect greater powers under Labour

Britain's trade unions will expect to play a powerful role in the running of the economy if the Labour party wins the next general election, a senior union leader claims today.

Mr Jimmy Knapp, the RMT transport union general secretary, claimed a Labour government would "signal a further revitalisation of the trade union movement".

"I believe this will open a new chapter where trade unions can and will play a central role in business and the local community," he has written in his introduction as president of the Unity Trust trade union bank to its annual report pub-

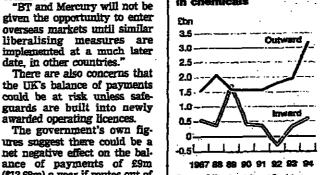
But in Edinburgh, Mr George Robertson, shadow Scottish Secretary, told the Scottish TUC annual conference that there would be no special relationship with the unions if Labour won the election.

"There can be no return to the practices and the industrial relationships of the seventies," Mr Robertson said. "That so-called glorious past that never was glorious, and its ways

are no more relevant to the new millennium than the room-sized computer is to today's laptop."

In his optimistic message to the bank's shareholders - most of the trade unions and the Co-operative Bank - Mr Knapp also claimed opinion both in the UK and in mainland Europe also claimed opinion both in the or all was now "swinging perceptibly back in favour" of the trade was now "swinging perceptibly back in favour" of the trade was now as a constant of the trad

Chemical investments shift



Cross-border investment

The chemical industry's relocation outside the UK has been relentless during the 1990s. In spite of Britain's emphasis on flexible labour laws, and a recent Department of Trade and Industry initiative aimed at promoting north-east England as a chemicals centre, manufacturers are voting with their assets. British chemical companies have been investing more outside the UK than non-UK companies have been investing in the UK for eight out of the past nine years. As a result, non-UK chemical assets in the UK, which peaked in 1989 at

£6.48bn, were valued at £5.42bn in 1994. Meanwhile, UK chemical assets outside the UK rose by 40 per cent from £10.11bn to £14.16bn. The reasons are clear enough. The return on UK companies' overseas assets has dipped below 15 per cent only once in the past decade - to 14.78 per cent in 1992 - and has averaged more than 17 per cent. Over the same period, the return on assets recorded by non-British chemical companies investing in the UK has swung in a range between 14 per cent and 7.4 per cent, averaging just 11 per cent.

Consumer online service launched

Europe Online, the multilingual consumer online service, launched its UK-based English language service yesterday with plans to challenge the US domination of the consumer online market in Britain by services such as CompuServe and America On Line.

Europe Online, which launched its first service in Germany in December, claims to be "the first multimedia, multilingual service developed by Europeans for Europeans". The UK-based service is one of three subsidiaries of the Luxembourg-based Europe Online holding company whose main shareholders include Burda of Germany, Pearson, the media group which owns the Financial Times, and AT&T of the US. Subscribers to Europe Online will have access to information from content providers such as Reuters and UK News, Future Publishing Mintel and Shoppers Universe - an electronic home shopping service launched by Great Universal Stores, as well as full

Paul Taylor, London

Komatsu increases model range

The UK manufacturing division of Komatsu, the Japanese construction machinery maker, is increasing its model range to include 45-tonne hydraulic excavators and plans to further expand into 65-tonne machines, it announced yesterday.

The new 45-tonne excavator will be sold throughout Europe, replacing a previous model imported into Europe from Japan. The 65-tonne machine, to be made from next year, will be sold in Europe and the United States. Komatsu is investing £2.9m at its Birtley plant in north-east England to make the new, larger models. "It further demonstrates the commitment Komatsu have to the Birtley plant," said the company. Chris Tighe

Soft drink name ban disallowed

Leading brewers and distillers have failed to ban the use of soft drink names such as lemonade and cola in their code of conduct on alcoholic soft drinks. The code published yesterday was prompted by concerns that alcoholic soft drinks such as Hooper's Hooch, launched last summer by Bass, might encourage drinking by teenagers under 18, the minimum age for purchasing alcohol in the UK.

Drawn up by the Portman Group, the alcohol policy insti-tute, the code was sharply criticised yesterday as ineffective by soft drink manufacturers, organisations trying to prevent alcohol abuse and some politicians. The Portman Group said it wanted to ban soft drink names for alcoholic brands but the Office of Fair Trading said such a move might have contravened competition legislation. The ban might have hindered new entrants from launching competing drinks because of the additional cost of complying with the code.

Roderick Oram, Consumer Industries Editor

K-France contest for new bearings plant

Although generally support-ive of the scheme, the commit-By Peter Marsh in London tee said the government was

Timken, one of the world's biggest makers of industrial and automotive bearings, will decide soon between its plants in Northampton in the English Midlands and France for a £6.6m (\$10m) investment to make a new kind of bearing for trucks that is claimed to cut fuel and maintenance costs. The US-owned company,

which employs 1,500 people near Northampton, is talking to large European truckmakers

about the new device which it reckons could generate annual century.

sales of several tens of millions of dollars by the end of the The company said the geographical location of the factories would be vital for the deci-

143

sion. While the Northampton factory has led the development of the new bearing, Timken's other big European plant in Colmar, France, could win the investment if the company decides it is closer to most of the main likely

customers for the device. The investment programme is considered large by the standards of the bearings sector. However, it is unlikely to generate many new jobs, because manufacture of the new items would largely dis-

place older products. Mr Jon Elsasser, Timken's vice-president in charge of its bearings business in Europe, west Asia and Africa, said the company would decide on the new investment "pretty soon". He said several European

interested" in the product. The new device, one of a family of types called tapered roller bearings, fits between the axle and the wheel of a truck.

According to Timken, the bearing should be more robust than conventional devices, and suffers from less frictional resistance. As a result, truck operators with these products fitted to their vehicles should have lower maintenance and energy bills. The company has

developing the product, with much of this work done in the UK. Timken's worldwide bearings sales come to some £1bn (\$1.52bn) a year, about 6 per cent of the global business. Big competitors include SKF of Sweden, Germany's FAG and

NSK of Japan.
Timken recently added to its operations in Europe through the £8.3m (\$12.5m) purchase of a plant in Sosnowiec, Poland, which was previously owned by the Polish government.

Privatisation roadshow for Railtrack goes international

The Save our Railways pressure group yesterday launched a legal challenge to rail

privatisation in an attempt to lift a ban on

British Rail bidding for passenger train operat-

The group lodged papers with the High Court in London seeking leave to apply for a judicial review of the franchising director's refusal to

allow BR to take over the London, Tilbury &

The court appeal came on the eve of today's

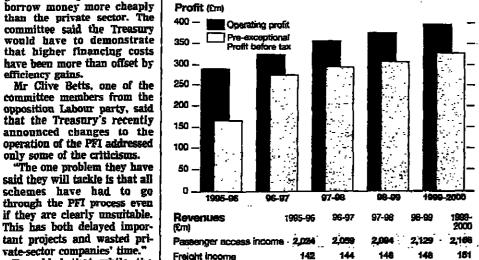
debate in parliament about the privatisation of

Looking down the line Profit (2m) 400 - Coerating profit

Property income .

Other income

Total revenues



118

20

128

By Chartes Batchelor

The three senior directors of Railtrack, the British rail network which is to be privatised, start a four-week international "roadshow" to promote their company's shares to institutional investors today, secure in the knowledge that individual investor demand in the UK is likely to be strong. More than 900,000 private

investors have already registered an interest in acquiring Railtrack shares. Even if only 30 per cent to 50 per cent of these investors buy any - the pattern of previous privatisations - the company is unlikely to have any difficulties reaching its target of placing at least 30 per cent of its shares with the general public. With two weeks still to go before registrations close, the

sale is attracting a similar

amount of UK public interest

as the sale of the power gener-

according to Railtrack advisers. Private investors have been

Southend (LTS) line.

ing franchises.

drawn by a combination of the incentives available to them and the appeal that an investment in the railway makes to the public's imagination. These will outweigh threats by the opposition Labour party to reassert state control, the com-Railtrack, comprising track,

signalling and stations from

British Rail is the largest sin-

ation companies last year,

under rail privatisation and the only one to be sold off by way of a market flotation.

Railtrack's roadshow team consists of Mr Bob Horton, the chairman. Mr John Edmonds. the managing director, and Mr Norman Broadhurst, the finance director. They will spend their first week in the UK before flying to Los Angeles and working their way east to Boston in week two, talking to potential investors

on the way. Continental

tus outlining its flotation plans. The Labour opposition is expected to force a vote on the issue in what will be the first test of the government's shrunken Commons majority. Mr Roger Salmon, the franchising director, has refused to allow BR to bid for the early

Railtrack, which this week published a prospec-

franchises on the grounds that it could crosssubsidise routes and that its presence would deter management teams and distort competition. He has not excluded it bidding for some of the later franchises, however. gle company to be formed

Europe follows in week three while Asia-Pacific investors will be courted by means of video-conferencing links, sav-ing the need for yet more long-distance travel.

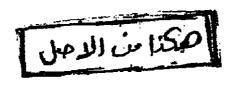
Railtrack acknowledges that it is the international investors, unfamiliar with the complexities of rail privatisation and less able to judge the seriousness of Labour's threats to re establish closer control of the railway, which will be the hardest to interest in the sale. The split between train

the rail infrastructure is unfamiliar to investors outside the UK, although European railways are starting to split the two sides, for accounting purposes at least. Even so, Railtrack and its

advisers hope they can per-suade investors outside the UK to buy up to 20 per cent of the shares, a figure comparable with overseas sales achieved on previous privatisations. The company's 253-page

"pathfinder" prospectus, published on Monday, confirms at first sight the view of annlysts that Railtrack will be utility stock, with opportunities for cost-cutting but little scope to increase revenues. "Research undertaken by

Railtrack suggests that passepger travel within the UK will show an annual increase of around 2 per cent and that rail's market share will remain broadly stable at around 5 per cent until 2020," it said.





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BUSINESS AND THE ENVIRONMENT

A survey of the green elements of company reports and accounts reveals that many suffer from the lack of standard measurement, says Jim Kelly

Could try harder

nnual reports and accounts are crowded documents. Whether environmental I reporting can survive the competition for space in the coming years largely depends on how useful the data are to those who read accounts and rely on the figures.

A comprehensive survey* of more than 600 UK companies' annual reports, published today by the Edinburgh-based financial reporting monitor Company Reporting, indicates that while there has been an "explosion" in such information it is still not necessarily useful.

These results follow the recent publication of a proposal by Britain's top companies that business adopt a code of practice on environmental reporting. The Advisory Committee on Business and the Environment, the body of senior ousiness figures that advises the government on environmental mat-ters, says this would greatly improve understanding and the use of environmental information by the financial markets.

The survey undertaken by Company Reporting – on annual reports filed in 1995 – provides a wealth of evidence to support the need for an environmental reporting code. "There is no inherent discipline in environmental reporting," conclude the authors. "The disclosures are a free-for-all of statements, percentages, volumes and monetary figures, no doubt carefully selected but not necessarily enabling comparisons among companies or even within companies."

A striking example of this problem is evaluating how much companies spend on environmental protection. These figures are difficult to find - often for laudable reasons. Shell, one of the companies surveyed, illustrates the point, reporting that: "The costs of prevention, control, abatement or elimination of releases into the air and water and disposal and handling of wastes at operating facilities are considered to be an ordinary part of carrying on business ...". They are there-

fore not accounted for separately. The 600 plus companies surveyed. including all the FT-SE 100, reveal many types of environmental disclosure. While 29 per cent of the sample made environmental disclosures only 18 per cent made "substantive" statements - including specific data. But 14 per cent, while setting

2 per cent of companies quantified targets in non-monetary terms -including companies such as Courtaulds, Imperial Chemical Industries Marks & Spencer, Tesco and Scottish Power. Just 1 per cent used monetary targets - British Polythene industries, CAMAS, the aggregates company, Hanson, T&N, and Transport Development.

Specific, useful environmental data are extremely rare. ICI and Yorkshire Water were the only companies to give details of punitive costs related to environmental accidents. Shell, Thorn EMI and Yorkshire Water were alone in quantifying environmental liabilities.

cle Industries, Coats Viyella, Ford harmful substances. Motor, General Electric Company, Lucas Industries, RMC, Redland, SmithKline Beecham, Unilever and

Out on a limb

Nearly one in four FT-SE 100 companies publishes a separate "green" report - a growing trend among leading companies which recognise the impact their businesses have on the environment. Most explain why the report is needed. The chief executive of BAA, for example, says: "With seven airports that account for 73 per cent of the UK's passenger air traffic and 83 per cent of air cargo, ours is a complex business. Our operations . . . can affect the environment in many different

While most such reports give data on the big issues pollution, use of the landscape, global warming, waste and recycling - Company Reporting's survey reveals many other types of disclosure. For example, 5 per cent of the sample discussed the use of live animals in testing programmes, and 14 per cent the effect of their activities on the quality of the

More than four out of 10 told users of the report - which can include a wide range of interested parties beyond the shareholders - about the visual impact of building programmes on the landscape or townscape. And nearly half the sample looked at the noise generated by business operations. Such reports, when comprehensive, give users an insight into the environmental risks taken by a company - and the risks society faces as a result of the business. This fits a growing trend in which financial reporting aids general risk

British Gas, British Petroleum and Shell were among the handful of companies which quantifed contingent environmental liabilities.

Just 6 per cent of the sample mentioned environmental audits - and only 1 per cent published the results of such audits. The compa-nies leading disclosure in this area were BICC, Coats Viyella, Courtaulds Textiles, Geest, HP Bulmer, John Laing, Laporte, Redland and Rexam. Among companies mentioning staff training in environmental issues, the field was again taken by targets, did not quantify them. Just a few companies including Blue Cir-

One group of companies, about 11 per cent of the overall sample, makes only a general disclosure on environmental issues. While this puts them ahead of the 71 per cent. which say nothing at all on the subject, the usefulness of such disclosures is limited. Sometimes there is just a brief mention of the environment and sometimes a long theoretical discussion but no facts about

There is further variability in the

public water supply.

management.

types of company which disclose environmental information and the types of information disclosed by companies within a sector. This either indicates a lack of agreement on what users want or a lack of commitment on the part of some companies to provide the informa-

tion at all. There are some trends among those which do disclose. Companies from most industry sectors tend to provide information on energy reduction, raw materials, recycling, waste management and concern over pollution from emission of

The building materials and merchants and engineering sectors give the most substantive statements on the environment. Those in the oil and gas industries show a greater tendency to disclose the costs and provisions linked to environmental protection - not surprising, given their high media profile.

"The picture being formed is that companies in all lines of business can find justifiable reasons for environmental protection activity," say the report's authors. The assertion of many companies taking part in the survey that the environn was "not applicable" was hard for the authors to accept.

Disclosures were listed in the banking sector (on the sourcing of sustainable paper supplies), as well as media, leisure, telecommunications and transport sectors.

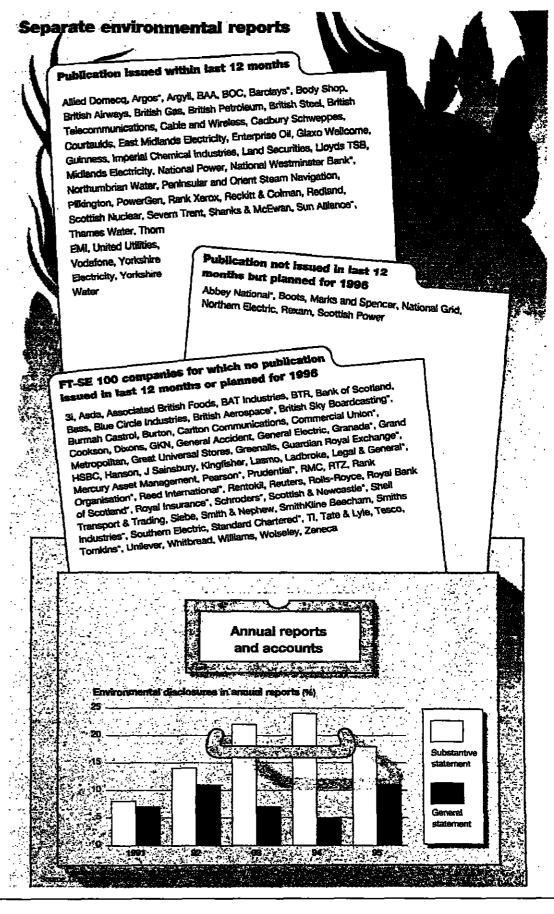
The curse of variability also afflicts the increasing number of separate environmental reports. Within the sample of about 100 companies, nearly 50 do this now or plan to do it in the near future but 12 of these turn out to be one- to four-page supplements containing no more than would normally appear in the annual report.

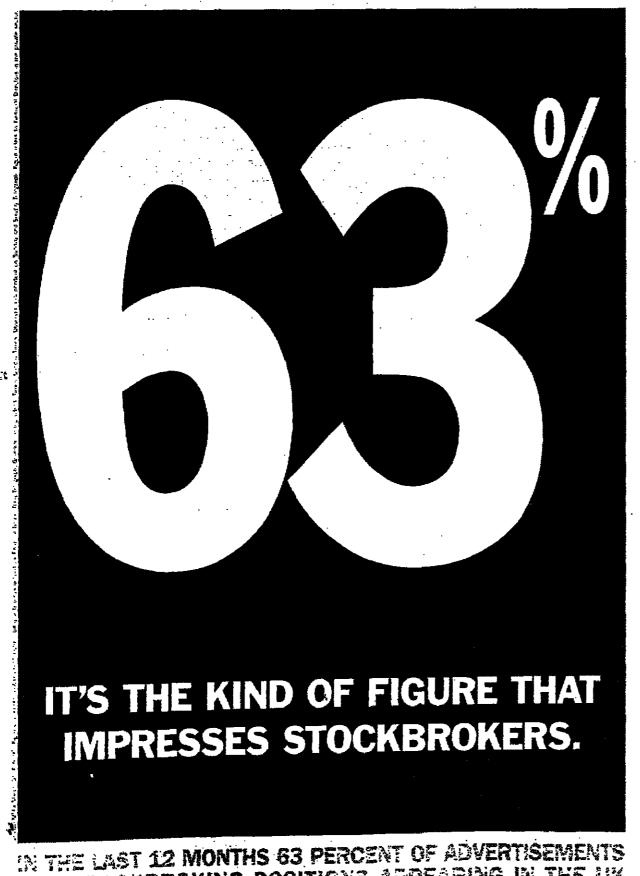
The rest have plenty of space to give a wide range of data and the reports surveyed disclose up to 24 types of information - with an average of 11 covered by each. But again there are disappointments in terms of the rigour of the data - only 25 per cent compare their performance with pre-set targets.

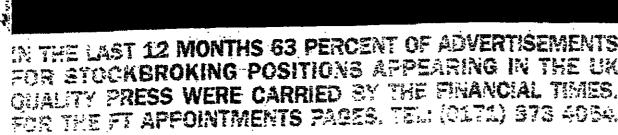
If users of accounts are looking for assurance that the figures included in such reports are correct they will have to look hard. Of this sample of special reports published separately from the annual report and accounts, only 26 per cent mention an external audit or verification of the information.

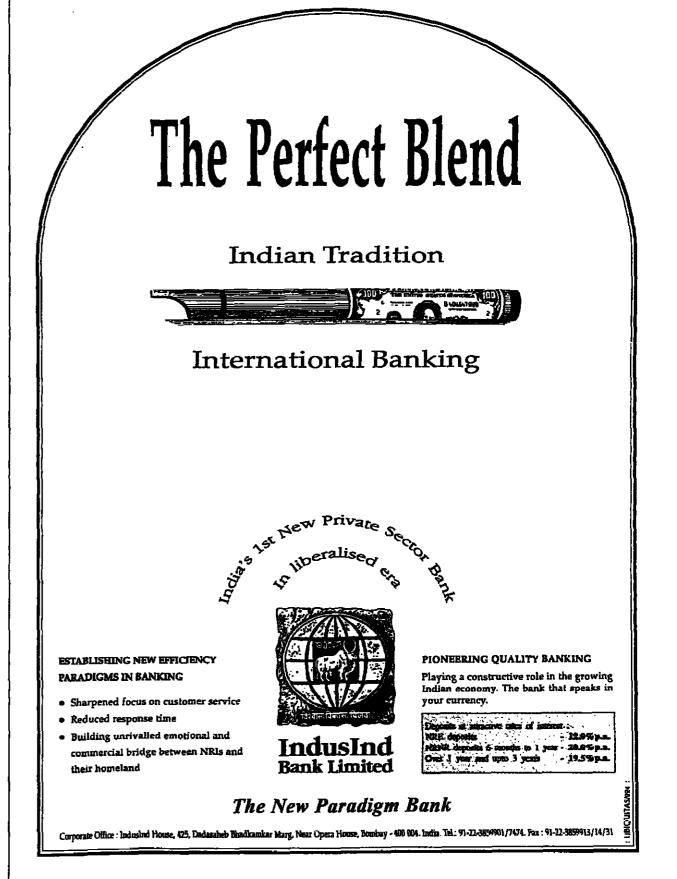
Because of the lack of historical data, for companies or - more important - for sectors, meaningful comparisons are rare. "Until such times as environmental reporting has matured to the stage where there is a substantial amount of historical information and a free flow of information on environmental matters the usefulness of any information is limited."

*Available from Company Reporting, 68 Dundas Street, Edinburgh, EH3 6QZ. Price £150. Tel: 0131-558 1400.









FINANCIAL TIMES SURVEY

THE HUMBER ESTUARY

Geography bolstered by economics

One of England's more peripheral areas has suddenly gained a new central role astride the European Union's northern trade routes, writes **Peter Martin**

rom the railway line. travellers to Hull find their view overwhelmed by the Humber river; silvergrey, misty, broad, empty. It is the striking feature of an otherwise unremarkable landscape, yet the towns along its banks have turned their backs on its symbolic unifying poten-

The two-decade-old attempt to create an administrative entity - Humberside - to reflect what to outsiders must have seemed the economic logic of the region was formally laid to rest earlier this month. Like the under-used bridge that links the north and south banks of the river, the county of Humberside won little enthusiasm from its citizens. Now, they are again divided up among smaller administrative bodies which reflect the historical split between north-bank Yorkshire and south-bank Lincolnshire and the civic independence of Kingston upon Hull.

No administrative reorganisation can undo the central fact of the region's modern geography, however. The river that lies at its heart points directly at Britain's principal trading partners, the markets of northern and central

From being one of England's most isolated regions, Humberside has suddenly acquired a new central role - not so much within Britain itself but astride the northern trade routes of the European Union. The pro-

ductivity revolution in its ports since the abolition of the National Dock Labour Scheme in 1989; the fast, empty roads along the estuary and across to the English heartland; the air cargo links to KLM's airfreight hub in Amsterdam - all these give Humberside a definite advantage in serving European

Through the port of Immingham, Ciba's Grimsby plant can ship its pharmaceutical ingredients to central Europe in 12 hours and to Basle, the group's headquarters, in 20. If Darby Group in Scunthorpe - which makes specialised architectural glass, such as the side-walls of department-store escalators gets an urgent order on Friday lunchtime, it can have custom-made glass panels on-site in northern Germany by the time construction work starts on Monday morning.

Taking advantage of these easy connections means drawing on such characteristics of the 1990s British economy as low labour costs, flexibility and rising productivity, all well represented on Humberside.

It also means tackling the endemic national problems poor education, for example which exist here with a particular regional twist. One big local employer says that in Hull, at least, there is a cultural reluctance among male teenagers to take school-work seriously, an attitude that perhaps has its roots in the inherited memories of easy access to unskilled work in docks and fisheries. Those jobs are mostly - gone, but their legacy is an instinctive preference for the male world of physical activity and a mistrust of the education that these days is an essential qualification for

access to work. The regional economy is no longer dominated by traditional industries nor by the now departed handful of big employers, such as British



Steel at Scunthorne, Instead there is a wider mix of activities, though two or three industries stand out. These include chemicals, pharmaceuticals and their related support services; food processing (including the fish handling which survives the loss of the fishing fleet itself); light engineering; and regional service businesses including retailing and transport. White-collar service industries play little role in the Humberside region: companies that need lawvers. accountants and serious bank-

ing skills go to Leeds or Lon-

The chemicals plants have been greatly helped by geography: the south bank of the Humber, traditional farming country, has had little in the way of housing development. So a big strip of land along the estuary, on the outskirts of Grimsby, has been reserved for chemicals or pharmaceuticals operations, with few houses nearby. This greatly eases the task of getting planning permission for new developments. The strip now contains com-

panies such as Ciba, Conoco, Courtaulds, Allied Colloids and Tioxide. There are two electricity generating operations, owned by PowerGen and the new independent, Humber Power. Across the river, there is BP. "This region hasn't been given, nationally, the credit it deserves for its rapid industrial growth," says the boss of one of these plants. Attention is

known regional centres as Runcorn or Teesside, he says: but the Humber deserves it just as much.

The local council has offered an understanding home to such businesses, and the process of getting the necessary permissions, though not always trouble-free, has at least been swift – a marked contrast to practices elsewhere in Europe. It remains to be seen whether the new pattern of local government is able to offer the same advantages.
The industry is building up

the infrastructure of specialist independent craftsmen needed for maintenance and repairs in process engineering plants, though they are still in shorter supply than in more estab-lished homes of the chemical industry further north. Locally hired staff are usually in the semi-skilled grades, or are trained up to the skills necessary for running the plants. For the more specialised jobs plant managers, chemists, engineers - employers turn to the national market.

Though it is sometimes difficult to persuade people to move to an area seen as isolated, the quality of life is good and middle-class housing very cheap, so retaining labour is

Companies with their head offices in the region - such as Northern Foods; Bemrose, the calendar and business gifts specialists: or Cattles, the consumer credit lender - do not find the location a particular

Grimsby's new fish market is the most modern in the world

from Manchester to Chicago many times a year - it takes two hours to get to Manchester airport."

is still above the national average, and the Hull Dally Mail regularly carries stories of the

estates, teenage vandals and urban distress.

But Humberside has survived the most difficult years in its transition from traditional industries. Its new local authorities inherit a region

problems of run-down housing with a refreshed economic role. The task now is to retain the sense of regional unity which (the old council helped to foster while gaining efficiency and greater local responsiveness from the new, more focused councils.

E THE RIVER AND ITS PORTS: by Ian Hamilton Fazey

A mixture of factors have quietly made the Humber estuary ports the busiest in Britain

7.30 train from Doncaster for a 9.15 meeting in the City of Lou-

don." says Rodger Booth, exec-

utive chairman of Bemrose,

which is based in the prosper-ous market town of Beverley,

north of the river. "And I fly

Almost without being noticed, the Humber has become Britain's busiest trading estuary. Dennis Dunn, a director of Associated British Ports, who is in charge of the north-east Lincolnshire ports of Grimsby and Immingham, puts the estuary's total throughput now at

about 66m tonnes a year. The bulk goes through ABP's four Humber ports and the rest is accounted for by independently owned river wharves. The total, Mr Dunn says, is slightly ahead of the Thames estuary, previously the busiest, and is likely to continue to

Moreover, growth seems to have been little affected by the Channel Tunnel, According to Mike Fell, director of ABP's Hull: "The channel tunnel has taken some longer distance traffic to southern European destinations such as Italy, but its main effect has been to depress freight rates on the short haul rootes. But the tunnel has limited capacity and, once it is full, prices will rise

Geography and economics ing fortunes. As Mr Dunn says: "It is as far north as you can get for reliable overnight cross-ings to all the main north European ports. What then decides where a lot of our business goes is inland distribution costs compared with ports in

southern England." Tachograph-monitored restrictions on truck drivers' hours have also made the road networks on each side of the North Sea critical. Thanks to dual carriageways and motor-ways, Hull, Grimsby and Immingham are all about an A1 and M1 with the M62. Goole - ABP's fourth Humber port is even better placed because it is 50 miles from the mouth of the Humber at the junction of the M62 and M18 motorways.

On the European mainland Rotterdam – with its road, rail and inland waterway connec-tions to the heart of the continent - remains the Humber's most important destination, although sailings are also comand Hamburg.

Hull's port shows the impact dramatically. It has more than doubled its throughput to more than 10m tonnes of freight a year in the last 10 years, with 94 per cent of its trade with EU countries and 52 per cent of it unitised as containers or trailers, and Rotterdam the main

Immingham's role is as the Humber's bulk workhorse, accounting for nearly 45m tonnes of cargoes such as oil, grain and chemicals. Growth appears phenomenal - from 7m tonnes in 1964, before Britain joined the EU, and 28m tonnes in 1985.

The changing nature of goods traded has also driven growth. Goole's old record was in 1961, when it exported 1.6m tonnes of coal. "We had our best year for 35 years last year, with 2.3m tonnes handled,"

manager. "Not a single tonne of coal was exported." Today's traffic is timber, whisky, paper, steel and Renault cars. One shipper sails his vessels between Goole and Duisburg. offering short inland haulage at each end into UK and Ger-

says Colin Silvester, the port

Toyotas from Derbyshire are exported via Grimsby

man manufacturing heart-

Coal also used to figure prominently at Grimsby and Immingham but no more. Apart from fish, Grimsby exports Toyotas from Derbyshire and imports VWs, Audis,

On top of all this, abolition

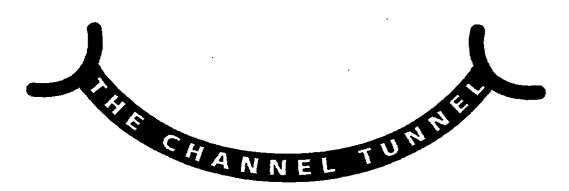
in 1989 of the National Dock Labour Scheme, which gave dockers jobs for life, has liberalised labour markets and enabled ABP to quit stevedoring which is now done more productively by independent companies or the shippers themselves. One result is that ABP employs only 300 at Hull,

similar number at Immingham and Grimsby and 80 at Goole. But there are 10 times as many jobs in each port and these numbers are growing.
All this is encouraging con-

tinuous and significant investment. In Hull this has amounted to £60m by ABP and £40m by other companies in the last three years. ABP's Immingham total is £45m in the last two years alone, while Conoco has put 2800m in 10 years into its plant there. Even

Continued on facing page

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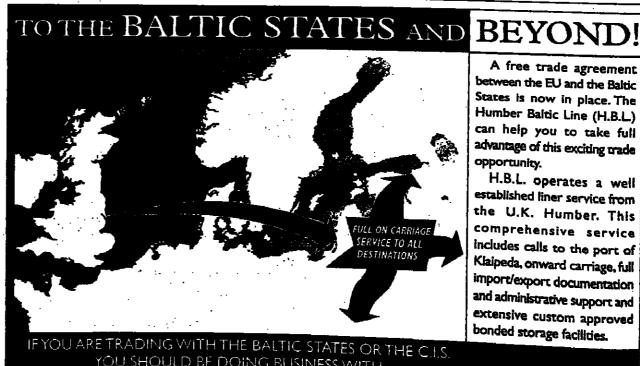
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Older local loyalties have been

strengthened by the abolition of Humberside

When Amanda Spalding moved from Sheffield to become Humberside's head of economic development in 1994, she says she could not believe the lack of co-operation.

Humberside had been recommended for abolition by the government's local govern-ment commission and its supporters were fighting to save it. Politicians in the other camp were fighting equally hard to ensure the county was broken up into smaller local authori-

In the end, the abolitionists won, helped by strong popular feeling. Humberside was an artificial creation which arose from Britain's local government reorganisation of 1974. On the north bank of the Humber, it had removed natural-

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born Tykes from Yorkshire. Yellow Bellies – as their opposite numbers on the south shore were called by the Tykes were cut out of their native

On April 1. Humberside was abolished and replaced by four new councils: Kingston upon Hull and the East Riding of Yorkshire on the north bank: North Lincolnshire and North-east Lincolnshire on the south.

Kingston upon Hall used to be a county borough in its own right before 1974, so the change represented virtually a return to old times - a city of about 270,000 people. East Riding, however, is not the East Riding of the Yorkshire of old. Its boundary runs westward from Flamborough Head and Bridlington to Stamford Bridge, the battlefield five miles from

It then swings south to take in Goole, which used to be in the pre-1974 West Riding, to form a vast local authority. home to 302,000 people widely

On the south bank, Grimsby and Cleethorpes - which 10 years ago were fierce opponexts of each other as district councils within Humberside have merged into a 165,000strong community and form the bulk of North-east Lincoln-

North Lincolnshire, its neighbour to the west, is based mainly on the steelmaking town of Scuntherpe but is spreading its staff through several villages to try to pull its 150,000 people together.

The widespread, and previ-ously pent-up desire to escape from Humberside is bound to have an impact on the way in which the new authorities conduct operations in their first years. Hints came within hours of their formation on April 1 when East Riding's economic development, marketing and tourism committee met at Beverley, Humberside's former

county town. Yorkshire TV filmed the new

ing – in local mineral water from the Yorkshire wolds, of course, Mrs Diana Wallis, the chairman, made encouraging comments about being closer to the people and improving everyone's quality of life.

However, the meeting deferred a decision on contributing to a business advice agency in Hull so that it could ponder whether it was the new council's job to support an organisation that might help people in Hull - even though the agency's remit covered a travel to work area that included East Riding.

Feelings can run high on such issues. The people of Cottingham, Willerby and Hessle on Hull's western boundary were glad to be delivered from Humberside but certainly did not want to be handed over to

More than 800 of them packed into Haltemprice sports known when the issue came up

■ HULL: by Ian Hamilton Fazey

"Everybody expected the government to do the sensible thing and extend Hull's boundaries to include a natural Conservative area. They didn't." says Steve Scully, who has transferred from heading infor-

is where local people want to Blessed with

mation services for Humberside to a similar job for East Riding. "We have now set ourselves the task of ensuring these communities are never lost from the East Riding, This

There are anomalies, however, such as people in the same street on the outskirts of Hull who pay a different rate of council tax from their neighbours because the new municipal boundary divides them. Sainsbury and Asda have supermarkets on each side of

divide.

Mr Scully admits these anomalies will have to be sorted out, but believes no large changes are likely, even though a new Parliamentary constituency is going to have a presence in each new north bank authority. "What will happen in the short term is that we will all turn our backs on each other for a while. When the dust has settled, we will start working together, he adds.

Most think it will take about 18 months for each council's urge for self-assertion to be worked out. However, Ms Spalding, who is now North Lincolnshire's director of development and environment, believes co-operation between the new councils will be better than with the former county, "The question now is how to

preserve estuarial unity on the development of trade and inward investment, which remain our big problems. We all need a more diverse economy. There has been £700m spent on road infrastructure in the last 15 years. In some ways it is too good because too much goes whizzing straight through from the ports."

Chris Haskins, chairman of Northern Foods, thinks Humberside county council at least did a good job on strategic development and made the Humber estuary an economic entity. "As far as Europe is concerned, the Humber is Britain's northern gateway." he says. The old county pro-

the city which also straddle the moted this and many in the private sector are worried that the momentum the county achieved will be lost.

Ms Spalding says all the new local authorities are alive to this and she points out that some bodies not controlled by the defunct county council will continue. The most important of these are Humberside training and enterprise council and Hull and East Riding chamber of commerce.

The most important new institution in promoting the sub-regional economy will be the Humber Forum, a company limited by guarantee and the successor to a partnership between public and private sectors which originally developed the "Gateway to Europe" concept for the estuary. The forum's members are the four local authorities and the Tec. with associate status being given to the Confederation of British Industry, the Institute of Directors, all local chambers of commerce, shipping and ment office for Yorkshire and Humberside.

The abolition of Humberside as a county has brought about a fragmentation that may be good for local politics but may not help in terms of seeing Britain's main northern trad ing gateway within a broader European economic perspective. "The critical concept in development is that the Humber unites, rather than divides us. We have to hang on to that," says Ms Spalding.

■ GRIMSBY AND FISH: by lan Hamilton Fazey

Catch 22 situation

A large new market hall has been built. But it will deal mostly in fish landed elsewhere

It is soon after dawn. The fish have been laid out in large boxes - plastic these days, not the traditional wood. At the appointed hour, small groups of buyers in white overalls, coats and hats stop their inspections and converge on the two auctioneers, each standing by a cluster of boxes for sale. The auctioneers call their first prices and the hubbub of Grimsby's daily fish

auction begins.

Nods and winks are rare. More likely, a buyer will stand beside or near the auctioneer to tap his ankle with a foot, to tug a sleeve, or to whisper through cupped bands that a certain price will do. The deal is struck and noted, the buyer pulls paper sheets bearing his name from his pocket and scatters them like confetti over his purchases. The auctioneer and his itinerant crowd of would-be

customers move on to the next cluster of boxes. conservation pressures on the size of catches and because of EU quotas, this hive of commerce and industry is a surprise. So is the auction hall, a new 80,000 sq ft, L-shaped shed, 235 metres long on its largest dimension by 25 metres wide, and the most modern in the world. Auctions started there on February 29 but it will not be opened officially until next

month Grimsby's survival as a top fishing port - and its ambitions to remain one - rest on these new buildings Yet, fish caught by the port's fishermen will play only a small role in

The outside of the long part of the L-shaped hall does open on to Grimsby's famous fish dock, which could once be tra-

versed on foot across the decks of tightly packed vessels. But now it is mainly open water, and much of the fish sold in the market comes overland from Scottish or Cornish ports. The L-shape of the auction hall allows optimum access for refrigerated trucks on its landward sides. This is where an increasing amount of fish are

brought to the market. The hall shows why Grinsby has a future in fishing where six years ago it had none. It represents a marketing vision: Grimsby had to be in fish rather than fishing. Luckily, the port had almost everything it needed to make the vision a reality - fishermen, auctioners, merchants, salespeople, dock services, ship repairers, food processors, refrigerated

The old fish market used to be called Pneumonia

cold stores, and a century and

a half of commercial culture and tradition.

The problem was that the With the UK fishing industry industry - which employs supposedly in crisis because of about 7,000 directly in and around the town, with another 20,000 indirectly dependent was fragmented into often competing groups. The buildings housing the old fish market were old and incapable of meeting ever-higher hygiene standards. They were due to be shut down, killing the industry in the town.

Led by Mr Frank Flear, the

founder of Binecrest Foods, all sectors of the industry united to form Grimsby Fish Dock Enterprises. The ministry of agriculture, fisheries and food funded a feasibility study which helped to trigger EU grants of £5.84m and UK government help totalling £4.8m. Grimsby borough council lent £1.6m and Associated British Ports offered another £1m. if needed. The industry chipped

in £400,000, in the form of £20,000 each from 20 shareholders in the new company. · Even so, the venture nearly failed because another \$2.3m

was needed and the banks were reluctant to lend. However, after a year's struggle, Mr Derek Young, the accountant to the Grimsby Fish Merchants' Association and now the new company's finance director, obtained a £1.6m loan from the Public Works Loan Board and work began two vears ago.

It involved reclaiming nine acres of land from the fish dock and building the new market on it. The old market continued to operate, but under a derogation order which stayed execution while the new premises were under

The town, however, had got its marketing package together and this was already paying off. In 1993 there was a 7 per cent increase in the 518,000 50kg boxes-sold at Grimsby compared with the year before. The 1994 rise was 12 per cent and last year's 30 per cent. The new company, which gets its income by charging the market's users, had enough cash flow not to have to take up ABP's loan offer. NatWest

snapped it up as a customer. The prospect now is of further growth because the new market is already attracting larger numbers of fishing vessels from farther away, as well as greater quantities of fish which have been landed elsewhere but hauled overland to Grinnsby in search of higher

Working conditions have also improved: fish markets are always cold but the doors of Grimsby's new one can be shut against the weather. "The old market used to be called Pneumonia, because that's what you caught if you worked there too long," says Mr Roger Smith, the fish dock manager. "Now we have a very good atmosphere to work in. It is already making a difference."

tainable

strategic assets Hull is well placed to exploit its

trans-Pennine corridor to Europe Chris Haskins, chairman of Northern Foods, sums up the importance of Hull: "In a Europe driven by thriving cities. Hull is the Humber's city. It is the main centre for industry and commerce and is

position on the

the shopping city for the region," he says. Hull - or to give it its official title, Kingston upon Hull - is naturally well-placed to exploit its position as the Humber's focal point. To add impetus, it has recruited 13 marketing staff from the defunct Humberside county to run its economic development agency and has adopted an outward-looking

According to John North, the new bead of economic development: "Hull's is a key location on the axis linking the Transpennine corridor with northern and central Europe. The European concept of a port as a trading area is part of our vision for Hull. We hope to use the success of the port to bring in inward investment. If you are sited here, you can catch a ship in the evening and deliver a full day's production to the heart of the Ruhr hy noon the

next day." Mark Jones, the agency's marketing chief, says a city is much easier to promote than a region because of the tighter focus. "Also, the very name of Humberside did not help," he adds. "One potential investor told me it was automatically equated with declining or

struggling areas." Hull, however, has its difficulties. Overall unemployment at 11.8 per cent is two points worse than the national average and there are pockets where the figure rises to 35 per cent. On the other hand, the city suffers from a tightly drawn boundary well inside its travel-to-work area. With many of its professionals and better-

off workers living outside Hull,

the city punches much more than the weight provided by a population of only 270,000 peo-

As Ian Crookham, Hull's chief executive, puts it: "Structurally, we are a very odd city. We don't have many leafy suburbs: but we are the natural focus for the region. Moreover, unlike most other old cities our population is not only stable but increasing slightly. We also have the best of both can concentrate on estuarial issues, with no delay through having to go through county structure, while we can also maintain a vigorous local

The latter approach has helped to win urban regeneration funding from the government worth £36m and to build a good working partnership with the local private and university sectors. The city centre and waterfront look good. Bellway, the housebuilder, has brought hundreds of people into the heart of the city in one impressive project that has reclaimed more than a mile of

waterfront. Barrie Matterson, the city's regeneration manager, says the next phase will be the River Hull corridor, which runs north from near the Guildhall. Plans include a barrage to control water level and to improve access by ships

Hull's chances will depend largely on developing its partnership with a private sector that includes such corporate giants as ABP. Smith & Nephew, Northern Foods, Reckitt & Colman and Seven

target include food and food processing, health care, telecoms, engineering, the port, and speciality chemicals. There is a shortage of devel opment sites, however, with

Key sectors which Mr North

and Mr Jones will therefore

two of about 150 acres the most exploitable. Medium-sized inward investments - offering more encouragement for homegrown small and medium-sized enterprises – look like being the most practicable to aim for

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pose local government authority. The rea we cover is South Bank of the Humber Estuary and is the home of situate temational Airport and many successful national and international businesses. hat its committed to building on the many The Cou

ition offers. It has area key objection geographic ne local econon the the benefit of the nts and developme alike. business ting in North L like to know ab please telephone, quoting reference RTO

Gwen Swinburn, Head of Economic Directorate of Development and Environment Tel: 01724 297332

Geography and economics

Continued from facing page Goole has been managing a

steady £2m a year since 1991 on items such as new hard areas for heavy vehicles, sheds and cranes. Hull is planning to increase

its one floating berth in the Humber - which allows later sailing times for roll-on, roll-off vessels, which do not have to lock in and out of the docks

ing ro-ro and lift-on, lift-off capacity within the docks to help build markets. Meanwhile, even Hull's tradi-

to eight, and has been increas

tional fish trade has been doing well, with no competitive fears about the reviving fortunes of Grimsby: Hull's market takes bigger vessels from farther afield and is more concerned with bulk sales for local processing.

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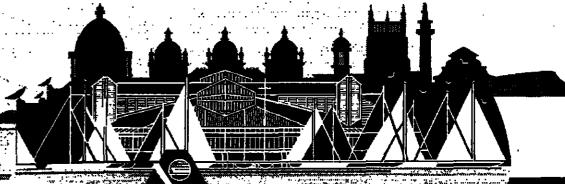


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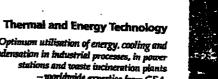
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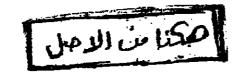
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ARTS

Television in Italy/Robert Graham

'All's fair' in the election war

talian television during election time is conditioned by a single Latin phrase, por condicio. Literally meaning equal conditions for all, the phrase is short hand for the political parties being given a fair share of media access. It was invented two years ago by President Oscar Luigi Scalfaro when the right-wing alliance, headed by the then premier media magnate Silvio Berinsconi, had begun to enjoy monopoly control of both private and public television.

The anomaly persists of Berlusconi being a major political actor and owning three TV channels which control 45 per cent of the national andience. His appointees still run the RAI, the state broadcasting organisation. But the three channels of the RAI now offer a brave, though imperfect, semblance of fairness. Specifically for this Sunday's general elections, television is operating under the umbrella of a cumbrous

decree imposing a strict par condicio on coverage. The regulations are so absurdly strict that 90 per cent of all political debate on television has been emasculated in the name of fairness. Indeed, there is something highly perverse about a political system which allows lively debate in the media at all times - save precisely that moment when the electorate needs to have issues placed clearly

before them so they can chose whom to vote for. Unfortunately in a country where TV is the medium for political messages, no one is prepared to leave coverage to common sense or an informal set of guidelines.

As a result the RAL, which has just over 50 per cent of the national audience, has found itself obliged to make a formal pact with the political parties on the number and nature of election programmes. Basically these have been limited to one interview! debate slot per channel no more than three times a week.

With each of the two main political alliances containing as many as seven different parties within each alliance, the problem is how to accommodate "fairly" so many actors. Matters of fairness are further complicated by two important small parties which are not formally attached to either alliance.

Invariably political correctness has triumphed over audience satisfaction. Most election programmes, no matter what the formula, have had to accommodate a huge cast — with self-respecting Italian politician will let a rival talk without interruption. Indeed the purpose of appearing on

TV seems to be a game of proving who can speak londest and longest. The politicians seem convinced that ss is equated with conviction and length with intelligence and

21250 of one's material. Those politicians who are unwise enough to express themselves succincily leave the impression of being scared of talking and being at a loss for words. Meanwhile the programme moderator/presenter only has limited authority and is frequently caught between a cross-fire of warring words, helplessly waving a clip-board full of unused questions.

ot surprisingly these programmes are long by Anglo-Saxon viewing standards. Nothing lasts less than two bours, some stretch to three with interviewers and politicians showing amazing stamina, often stuck in cramped studios.

The viewer has eight national channels to choose from - three RAI, three Berlusconl's Fininyest, and since last year two small ones owned by film impresario Vittorio Cecchi Gori. The big audience programmes with the main political players are on RAI Uno and Tre, and Fininvest's TG5. The plethora of channels means one can sometimes find the same politician simultaneously on different talk-shows.

The flagship RAI Uno has seen Porta a Porta (Door to Door) hosted by Bruno Vespa, using the idea of a group of guests invited to an elegant home to sit down and chat in

comfortable arm chairs. Vespa, a veteran TV iournalist, is a snave performer who uses an ingratiating tone to put even the toughest of questions. But he never pushes the politicians too far, leaving the impression that he and his interviewees are all part of the same establishment club.

More aggressive is Lucia Annunziata running her Linea Tre (Line on Three) on RAI Tre, the state channel traditionally controlled by the left and sarcastically labelled Telekabul by its enemies on the right. Annunziata is a print journalist recently recruited to run an interview programme interspersed with viewers' phoned-in questions. For the elections, the phone-in part has been suppressed for fear of offending the par condicio.

Also to accommodate the principle of fairness she agreed to have a veritable 11-a-side football style confrontation between the heavy-weights in the centre-left and right-wing alliances. The independent Northern League also had a representative who was obliged towards the end of nearly two hours in silence to jump up and demand to be heard. Very little blood was drawn in this encounter, a few insults were traded and little real debate was in evidence. Everyone seemed over-rehearsed and too afraid of putting a foot wrong so that the

programme was bland to the point of

On Berlusconi's TG5 Enrico Mentana, the main TV anchorman, has not felt so fettered by the need to invite everyone. He has thus been able to set up a series of more individualised interviews or debates between two politicians. Mentana manages to be scrupulously fair and has an enthusiastic boyishness about his questioning. Indeed it is a shame that his election specials have lacked the kndos of those at RAL However. he suffers from the knock-on effect of the Berlusconi proprietorship and the shameless manner in which Emilio Fede, his fellow anchorman on TG4,

Fede, nick-named "his master's voice", at times seems to embarrass even Berlusconi with his gushing propaganda and servile admiration. He makes no attempt at impartiality and is proud of his endorsement of Berlusconi's political ambitions. On the left Fede is avidly watched, but mainly for comic value. But there is a more serious side. TG4 pays no heed to the guidelines of the

the second Fininvest channel, is so

media-watch-dog commission, and during this campaign has been found guilty of excessive promotion of Berlusconi. This has merely underlined that despite the rules of fairness, the sanctions are wholly

Opera/David Murray

Medea restored

ince it was first performed in 1797, Cherubini's original Medec has rarely been seen as he wrote it. For it had spoken dialogue, in opéra-comique style; and that soon went out of fashion for serious operas. Cherubini's work fell into neglect until Franz Lachner composed recitatives (in a more modern style) for it which took longer, of course, and necessitated wounding cuts in the original score. It is that version which has held the stage since.

Opera North's new production restores the opera to its proper form, and it is exciting. They play it in English: with so much speech, French would be impractical without a native cast. We need not quibble about Kenneth McLeish's occasionally awkward translation, for with actor-singers like Josephine Barstow, Norman Bailey and Thomas Randle, the opera boasts all the dramatic force one could wish.

Paul Daniel conducts a tight urgent performance, with only the cuts that Cherubini himself licensed for a Vienna produc-tion. Phyllida Lloyd's production is powerfully effective. though garish in Ian MacNeil's curious set - something like a giant plastic liquidiser, with wide steps spiralling around the outside and a murky interior in which an occasional tableau becomes visible. Kandis Cook has dressed Jason and all the Corinthians as effete aristocrats of Cherubini's own time, more or less; only Medea and her servant Neris are allowed plainer, more timeless garb. For old King Creon, Bailey's

veteran bass-baritone sounds touch frail but perfectly apt. and he comes into his own splendidly in the later acts. Nicola Sharkey's brittle, soubrette-ish soprano is not very well suited to his daughter Dirce, Ideally one would like a more "classical" tenor than Randle's for faithless Jason's music, but he projects it with his usual fervent honesty. Anne Wilkens' Neris is up to her distinguished standard, and - with the help of an inspired first bassoon - delivers her great Act 2 lament in noble style.

ut any Medea stands or fails by its herome: and here Josephine Barstow's ferocious intensity and clever resource make her a Medea who would be hard to match anywhere. The odder features of her veses are assimilated perfectly into the character, and anyway she uses her instrument with such imaginative colour, every phrase fascinatingly weighted and driven home, that one car only watch and listen with

awed gratitude. And dismay too, of course Medea is a brutal story, and Barstow does nothing to soften or sentimentalise her vengeful creation. Her art compels our sympathy for her even in murderous extremis. This is one of her best roles - which is saying a great deal. It is worth going a long way to see her in

Four more performances at the Grand Theatre, Leeds, on April 20, 22, 24 and 26; then Manchester on May 25, and Nottingham June 1.

Theatre Some Sunny Day

artin Sherman's new play Some Surmy Day at the Hampstead Theatre is thoroughly disarming, in its scatty way; I enjoyed every minute of it - well, at least three out of every five. That had mostly to do with the A-class team of actors, who (as directed by Roger Michell) seize Sherman's fractured script between their teeth and

shake it with manic abandon. William Dudley's extremely handsome set represents the main room of a rented house in 1942 Cairo, on the verge of troops are expected any day now. It is temporarily inhabited by a louche-ish group of people, military or diplomatic or odder than that, all with secrets. Sherman's trick is to let us think we know just what kind of crisis and revelations play we are in for, and then to undermine it with a string of "revelations" so bizarre that we are left finally with no play at all - just the arbitrary surprises and the jokes.

There is a distinct feel of Snoo Wilson about it all. But Wilson's farrages of mad. weirdly logical ideas tend to float buoyantly, with the surface cohesion of sturdy bubbles: Sherman's fancies arrive like bolts from the blue, wrecking the original premises and leaving only nonsensical shards behind.

We are prepared to learn, for example, that Rupert Everett's languidly attractive New Zea-Alastar Muir | land reporter - embroiled in a

rapturous gay relationship with David Bark-Jones's straight-arrow young officer is something other than he seems. If he is really an alien from outer space, however (a "two-foot grange bloh" when he's at home), then all bets are off: we just have a playwright playing about.

Tet until things start to fall apart, Bark-Jones and Everett make something tender and touching of their doomed affair. Sara Kestelman's Russian Grand Duchess (she isn't that, either) is engagingly birdlike, her bright, nervous eyes constantly scanning for danger. Corin Redgrave, the senior Brit in erotic thrall to a local belly-dancer, is imperturbably stewed to the eyeballs through out whilst his abandoned wife (Cheryl Campbell doing her nut, as usual) goes into virtuoso paroxysms of demented

They are all delightful to watch. Michell succeeds in imposing a tight, effective pace on the proceedings, even while they self-destruct. I wonder how much of the play the actors had read before they signed up? It would be easy to believe that Sherman originally had something quite different in mind, but it proved not to work, so the second half as we now see it was hastily brewed up a couple of nights before they opened.

D.M.

Ballet/Clement Crisp

Warming up to Ashton

brought in a programme of Ashton ballets: Illuminations, Symphonic Variations, The Dream. This is good news, and will be better news when the ballets look better: easier in performance, more idiomatic in manner, with Symphonic Variations danced as a pleasure rather than a duty. It seems perverse that Ashton, a founding force of our national ballet, should seem in certain of Symphonic's central ideas - fluency of phrasing, the dance's ease and naturalness with its music - a stranger, and an over-demanding one at that. (At Monday night's first outing, two of the women were going in for their Brownie badges in semaphore and grinning.) Symphonic Variations was made in

1946, when the Royal Ballet had just entered into its Covent Garden Inheritance. It was a work owed to Ashton's mistrust of the war-time dance draert Helpmann - strongly shaped, but boasting more maquillage and tension than steps. Ashton's breath of mountain air, his morning of the world, was about dancing as he wanted it to be seen with his company: clear and unfussed musically responsive. nuanced. His three women - Fonteyn, Pamela May, Moira Shearer - were beautiful, contrasted in manner, divinely themselves. What seems to me missing nowadays, is the femininity, the quiet allure, as well as the subliminal spirituality (Ashton had been reading Theresa of Avila at the time), which must shade the dance.

The present cast is able, and the company has cast off the terror-rigid precision that embaimed the choreography in earlier revivals. Let the women be more themselves - and let one of the men work hard on that glorious back-bent pirouette that was missing on Monday - and this testament to genius will be more truly

itself again. Ashton created Illuminations in 1950 for New York City Ballet. Set to Britten's Rimbaud cycle, it sits in the

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and violinist Marianne Thorsen

Midsummer Night's Dream and

Bergen Filharmoniske Orkester:

with conductor Emmanuel Krivine

perform Mendelssohn's overture A

Vlolin Concerto, and Tchaikovsky's

Symphony No.4; 7.30pm; Apr 18, 19

Philhermonie & Kammermusiksaal

shadow of Roland Petit's ballets of the period with their heady brew of existentialism and decorative wit. Cecil Beaton's designs now look dreadfully dated (fake Eugene Berman; fudged Christian Bérard), and Ashton's parade of anarchic symbols has a win-

some air, with over-much scampering. The central figure of the Poet was made for the darkly beautiful Nicholas Magellanes, and the piece can still make sense - as it did with Ashley Page's grand assumption of the role in 1981 - when Rimbaud's youthful anger and passion are sensed at the ballet's core. Jonathan Cope, who took the part on Monday night, is a fine dancer, but one singularly unfarouche, and physically too mature. Thus the ballet lacks focus: we do not believe, as we should, that these are the hallucinatory dreams of a wild young genius. I thought Darcey Bussell lovely as the poet's Sacred Love, an ideal ideally danced.

bout The Dream, I can but note that its atmospheric magic is getting thin. What was once witty has become laboured, the airy become leaden. The quartet of lovers go for easy laughs, though Adam Cooper - inheritor of the Stephen Jefferies Chair in making theatrical bricks without straw - has re-thought Demetrius admirably well and plays him with a stylish sense of comedy that does not disguise the real emotions which shape his behaviour. The fairy horde was bright, quick, pretty, poised on a breath of night air. Tetsuya Kumakawa's Oberon is a study in dazzling and multitudinous pirouettes; as Bottom Iain Webb is more innocent than any other player, and charming because of it. The score, like all the music of the evening, sounded well under Leslie Dunner's baton. The infant voices in "Ye spotted snakes" snatched at their one high note like drowning tots.

This Ashton triple bill can be seen on



An ideal, ideally danced: Darcey Bussell as the Poet's Sacred Love in 'Illuminations'

Oceanides, Symphony No.4 in A minor and Symphony No.1 in E minor; 8pm; Apr 19

BONN DANCE Oper der Stadt Bonn

Tel: 49-228-7281 Don Quixote: a choreography by Valery Panov to music by Minkus, performed by the Ballet der Oper der Bundesstadt Bonn and the Orchester der Beethovenhalle. Soloists include Didier Gettliffe, Danilo Mazzotta, Irina Zavialova and Vadim Bondar, 8pm; Apr 19, 24

EDINBURGH CONCERT

The Queen's Hall Tel: 44-131-6683456 The Scottish Chamber Orchestra: with conductor Ivor Bolton, tenor John Mark Ainsley and horn-player

Robert Cook perform works by

Britten and Schubert; 7.45pm; Apr

The King's Theatre Tel: 44-131-2294840 works of William Shakespeare. performed by the Royal

McKee and Jan Hartley; 7,30pm.

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Hamburgische Staatsoper Tel: 49-40-351721

 Romeo and Juliet: a choreography by John Neumeler to music by Prokoflev, performed by the Hamburg Ballett; 7.30pm; Apr 18, 19, 22, 23

■ LONDON CONCERT

Barbican Hall Tel: 44-171-6388891 The London Symphony Orchestra: with conductor Michael Tilson Thomas and pianist Jean-Yves Thibaudet perform works by Stravinsky and Ravel; 7.30pm; Purceil Room Tel: 44-171-9604242

 Petja Svensson and Lena Johnson: the cellist and pianist perform works by Shostakovich, Beethoven, Ingvar Lidholm, Chopin and R. Schumann; 7.30pm; Apr 18 Royal Festival Hall Tel: 44-171-9604242 The Philinarmonia Orchestra: with conductor Riccardo Muti and the

Philharmonia Chorus perform

Haydn's Symphony No.48 in C

(Maria Theresia) and Cherubini's Mass in D minor, 7.30pm; Apr 18 St. Martin-in-the-Fields Church Tel: 44-171-9300089 London Concert Sinfonia: with conductor Christopher Gayford and mezzo-soprano Emma Selway perform works by Mozart, Tchaikovsky, J.S. Bach, Pachelbel, Handel, Gluck and Purcell; 7.30pm;

MILAN

Apr 18

OPERA Teatro alla Scala di Milano Tel: 39-2-72003744 ● Les Troyens: by Berlioz. Conducted by Colin Davis and

performed by the Opera Teatro alla Scala. Soloists include Vladimir Bogachov, Giorgio Giuseppini and Markella Hatziano; 7pm; Apr 19

NEW YORK CONCERT

Carnegie Hall Tel: 1-212-247-7800

The New York Pops: with conductor Skitch Henderson perform works by Sousa, Copland, McDowell, Berlin and Bernstein: 8pm; Apr 19 EXHIBITION

The Frick Collection Tel: 1-212-288-0700 Greuze, A Portraitist for The '90s:

exhibition focusing on the pastel portraits "Baptiste Ainé" and 'Madame Baptiste Aîné" by Jean-Baptiste Greuze (1725-1805) which were recently acquired by the museum. Executed in Pans in the early 1790s, these images of a farnous actor and his wife belong to a series of portraits that Greuze painted and drew during the years of the French Revolution; to Apr 21 The Pierpont Morgan Library

Tel: 1-212-685-0008 Through British Eyes: Images of Bermuda, 1815-1857: exhibition of drawings and watercolours made in Bermuda during the first half of the 19th century. The works, depicting island views, were created by artists who were connected to the military during a time when the colony was of strategic importance to Britain; from Apr 18 to Aug 4

OPERA **New York State Theater** Tel: 1-212-875-5570 The Mikado: by Gilbert & Sullivan. Conducted by Randall Craig Fleischer and performed by the New York City Opera. Soloists Include Barbara Shirvis, Joyce Castle, Sondra Gelb, Dainna Heldman and Richard McKee; 8pm;

PARIS

Apr 18

CONCERT Safle Pleyel Tel: 33-1 45 61 53 00 Sergei Lelferkus: accompanied by pianist Semeon Skigin. The

baritone performs songs by Mussorgsky and Glinka; 8pm; Apr EXHIBITION Musée d'Orsay

Tel: 33-1 40 49 48 14 Menzel (1815-1905), 'la névrose du vrai"; retrospective exhibition devoted to the work of the German impressionist painter Adolph Menzel. The exhibition, organised in cooperation with the National Gallery in Washington and the Stiftung Preussischer Kulturbesitz in Berlin,

drawings; from Apr 18 to Jul 28 **■ STOCKHOLM**

comprises 47 paintings and 95

CONCERT Stockholms Konserthuset Tel: 46-8-7860200

 Norrköpings Symfoniorkester: with conductor Pinchas Steinberg perform works by Pettersson and Bruckner, 7.30pm; Apr 18 DANCE

Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300 Royal Swedish Ballet: perform the choreographies Harmonielehre by Par Isberg to music by Adams, Vier Letzte Lieder by Rudi van Dantzig to music by R. Strauss, and in the Middle, Somewhat Elevated

by William Forsythe to music by Willems; 7.30pm; Apr 18, 19, 22

VUENNA

CONCERT Konzerthaus Tel: 43-1-7121211 Olaf Bär: accompanied by pianist Helmut Deutsch. The baritone performs songs by Schubert, Berg, Korngold, Kienzl and Gund; 7.30pm;

OPERA Wiener Staatsoper

Tel: 43-1-514442960 Il Barbiere di Siviglia: by Rossini, Conducted by Antonello Allemandi and performed by the Wiener tsoper. Soloists include Ruxandra Donose, Raul Gimenez and Renato Girolami; 7.30pm; Apr

■ WASHINGTON

CONCERT Concert Hall Tel: 1-202-467 4600

 National Symphony Orchestra: with conductor Christof Perick and pianist Rudolf Buchbinder perform works by Putz, Wagner and Beethoven; 8.30pm; Apr 18, 19, 20

ZURICH

OPERA Opernhaus Zürich Tel: 41-1-268 6668

 Samson et Dalila: by Saint-Saens. Conducted by Serge Baudo and performed by the Oper Zürich. Soloists include Agnes Baltsa, Giorgio Merighi and Giorgio Zancanaro; 7.30pm; Apr 18

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Ian Davidson

A long tale of woe

Major's difficulties over Europe are just the continuation of a pattern dating from the time the Community was founded

Sir Roy Denman's long and told before, most recently in distinguished career as a public servant was mostly spent on the high policy issues of European integration at the Board of Trade and the cabinet office. He played a central role in the team which negotiated the UK's membership of the European Community, of Europe in the immediate then became director-general post-war years ... A wind of for foreign policy at the Eurochange was blowing through Europe, just as it had done in sion in Brussels, and later the Community's 1789 and 1848.

ambassador in Washington This experience gave him an unrivalled opportunity to observe at close quarters the story of the UK's uninterrupted failure to come to terms with European integra-

Denman's point of view is that of a convinced, even a passionate, supporter of the objectives of European integration, leading eventually to a European federation. He believes not only that Britain should have embraced the Schuman Plan for a coal and steel community when it was launched in 1950, but that it could have had the leadership of Europe. That is what he means by the title of his new book: Missed Chances.

Even if you disagree with Denman about the desirability of closer integration, it is difficult to deny that the story of the UK's relations with its Community partners is one of ineptitude and strategic failure. A casual reading of today's headlines may give the impression that John Major's European difficulties can be blamed on the vociferousness of a small minority of Eurosceptics on his right wing. A reading of a longer history confirms that today's difficulties are just the continuation of a pattern which has been going on since the begin ning. For the first 23 years of the Community's existence, the UK remained on the outside, first as a spoiler, then as reluctant candidate for membership; and it has spent the next 23 years trying unsuccessfully to resist the trend to closer political integration. It is a story which has been

Edmund Dell's book, The Schuman Plan. But Denman tells it with verve, undiplomatic vivacity and withering scorn. "The real British mistakes in 1950 were ones of perception. The British totally failed to understand the mood

alty and absolutism which were being challenged, but the adequacy of the nation state...To the British this was simply continental rhetoric. They could not bring themselves to take it any more seriously than whirling dervishes or dancing hears."

And yet, of course, the British were not totally blind to the meaning of what was being proposed in 1950: it was just that they hated it. Here is part of an official minute on a cabinet discussion of the plan: "Mr [Herbert] Morrison [deputy prime minister] said that the proposal might have been primarily economic in its origins, but it clearly had most important political implica-tions. Sir Stafford Cripps [chancellor of the exchequer] agreed that these were the most alarming features of the proposal... There was general agreement that the French government had behaved extremely badly in springing

On the subject of Europe, the political establishment has, for 50 years, floundered about in confusion, anxiety and incompetence

this proposal on the world at this juncture without any attempt at consultation with His Majesty's government or the US government."

If there was one man who, 10 years later, persuaded the prime minister, Harold Macmillan, that the UK had to join the Community, it was Sir Frank Lee, Joint Permanent Secretary at the Treasury. Denman describes him as "the most remarkable civil servant of the post-war years".

Denman writes: "A first impression of Frank Lee was entirely misleading. He was small, bespectacled and ugly. His manner displayed none of the middle-class gentility which smooths the way for promotion in Whitehall His appearance suggested a more than usually dilapidated, second-hand suit which had spent the night in a hedgerow. His voice was like the creaking of a rusty gate. But he spoke with force and fire, and with an intellectual clarity which few could match. To hear him laying down the law to a minister was an experi-

ence not easily forgotten. In a report to cabinet in 1960, Lee wrote: "We cannot join the Common Market on the cheap. Joining means tak-ing far-reaching decisions. We must accept that there will have to be political content in our action - we must show ourselves prepared to join with the Six in their institutional arrangements, and in any development towards closer political integration."

Needless to say, his simple message was not understood nor accepted then, nor at any time since. Macmillan thought Britain could sidle into the Community without taking any far-reaching political deci-sions, and President de Gaulle slammed the door in his face. John Major is still trying to evade the central political choice, with his opt-outs from monetary union and the

ing all proposals for more integration in the EU. Some readers may enjoy Denman's fierce condemna-

Social Chapter, and by resist-

tion of Mrs Thatcher's European policies ("a product of ignorance and nationalism"); or of John Major ("a well-meaning nonentity").

Others may feel such spleen is over the top because it attaches too much signifi-cance to these ephemeral figures. After all, the central point of Denman's book is not that Mrs Thatcher had a bad European strategy, but that she had no European strategy to speak of, and the same goes for her successor and all her

This is the big puzzle of the story. The British never cease to boast of their pragmatism and worldly wisdom, of the brilliance of their Foreign Office and the sturdy commonsense of their democracy. Yet on the subject of Europe the political establishment has, for 50 years, floundered about in confusion, anxiety and incompetence. Why?

Denman cites some conven tional culprits: Britain's historic trans-Atlantic connection and its endemic ignorance of foreign languages. But he focuses most strongly on the class system: "Britain never had a serious, house-clearing revolu-tion...The result has been that Britain has largely become a cosy backwater, a backslapping, 18th-century type oligarchy, its boardrooms stuffed with clapped-out politi-cians, Foreign Office retreads, and sundry cronies of the

Can the record be changed? Denman answers: "A change of government is the indissable minimum." The fundamental question would still have to be resolved - whether the UK can be prepared to throw in its lot with a uniting Europe, But Denman believes that the chance awaiting Tony Blair to change the record "will be the biggest opportunity to befall any British

Missed Chances, by Roy Den man, Cassell, £25. The Schul man Plan, by Edmund Dell, Oxford, 1995, £35.

prime minister for 100 years".

LETTERS TO THE EDITOR.

Number One Southwark Bridge of ondon SE1 9FIL

We are keen to encourage letters from readers atomic the sportd Letters may be fared to 444 171.873 5938 (please set far to 'fine'), e-mail: letters editor@f.com Translation may be available for letters written in the main international languages.

mean wider sovereignty

From Mr Spencer Livermore. Sir, In an otherwise enjoyable article ("Referendum for a rainy day", April 3), Robert Peston fails to provide an adequate rebuttal of the Eurosceptic argument that inside a single currency "the British government's ability to manage the domestic economy would be severely curtailed" illustrating that the pro-European majority in

characteristic of the Hong Britain have been forced on to the defensive over the issue of sovereignty.
It is vital that the debate

over Emu is conducted in a way relating to the world as it is, not as some would like to remember it. With the advent of an increasingly globalised economy, the abandonment of the Keynesian assumption that governments can 'manage' their economies ought to be accompanied by discrediting the idea that national sovereignty over economic policy is genuinely possible.

Far from being an abrogation of sovereignty British participation in Emu can only result in creating a wider European sovereignty over the European economy. The current situation whereby British interest rates are set by the actions of the Bundesbank would be replaced by a situation where Britain had equal status in the European Monetary Institute/European central bank - with the opportunity to participate in

setting our interest rates. As for retaining the option of devaluation, this is a fool's paradise. Devaluation is simply a facade behind which people can shy away from required economic reforms. It must surely be obvious by now that the most successful economies are those that do not devalue.

Spencer Livermore, 32 Mount View Road. London N4 4HX, UK

Taking part | Lack of safety net is major factor in Emu can in Hong Kong's economic success

From Mr Patrick J. Wye. Sir, Chris Patten ("Nothing mysterious about Asia's success", April 11) lists ambition, economic liberty and free trade to explain the extraordinary success of Asian countries and of Hong Kong in particular.

There is nothing mysterious about success under a well run, reasonably incorrupt system of dictatorship that ignores the requirements of a modern welfare state. The governor is correct that the sheer will to succeed is a

Kong people.
The British people would have the same will if there was not the great safety net of the welfare state. Youngsters do not live in shop doorways in

cannot be transmuted into

officials". Secondly, Mr Lee

statements were motivated by

malice, as evidenced by the

author's "harsh words" and

lack of remorse. In contrast,

personal criticism ... of

alleged that Dr Lingle's

Hong Kong. They have to work. Hong Kong's economic system has resulted from the motivation of a low level of income tax and the absence of a capital gains tax. possible because of the lack of the expense of a welfare system which is considered basic to a decent life in

the UK. Accounting standards banking supervisions, commany reporting requirements - all have been below the standards of London or New York. Hence the proliferation of shell companies, deposittaking companies and the resulting ability to hide wealth ownership. Economic

liberty! It may well be that the people of Hong Kong have not felt deprived of the numerous benefits that western nations take for granted.

It can be a delight to work in such an environment where success is not a matter of embarrassment and where affirmative action, minority interests and support for professional welfare

beneficiaries are unknown. Mr Patten will be unable to translate the success of Hong Kong to the UK should he ever become prime minister. Running a democracy is very different from running a

Patrick J. Wye. 1619 Valecroft Avenue. Westlake Village, California 91361, US

Contrasts in the right to criticise public figures

the Supreme Court held that From Teresa Wyszomierski, first amendment protection for expression critical of the Sir, The successful libel prosecution in Singapore of official conduct of public American academic Christopher Lingle highlights the dramatic differences officials is jeopardised only when the statements are made with "actual malice - that is, between US and Singapore with knowledge that it was views on what constitutes permissible criticism of public false or with reckless disregard figures for their official of whether it was false or not". Thirdly, Mr Lee argued that conduct. Based on judicial standards established in 1964 the severity of Dr Lingle's alleged libel was aggravated by by the Supreme Court in Times Mr Lee's standing as a senior Sullivan, it is extremely unlikely senior minister Lee public official, Dr Lingle's Kuan Yew could have secured credibility as an academic, and a conviction in a US court. the legitimacy and popularity of the newspaper (the International Herald Tribune) Mr Lee accused Dr Lingle of defaming him (even though neither he nor Singapore was that printed the opinion article. As the Supreme Court pointed out, the public status mentioned in Dr Lingle's article. The Supreme Court noted in Times v Sullivan "an of the defamed official is no basis for critical immunity otherwise impersonal attack on governmental operations since it is "as much the duty of

> Teresa Wyszomierski. 61-37 56th Avenue. New York 11378, US

administer".

it is the official's duty to

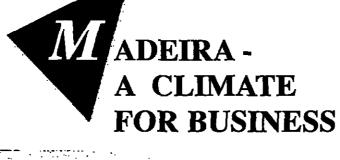
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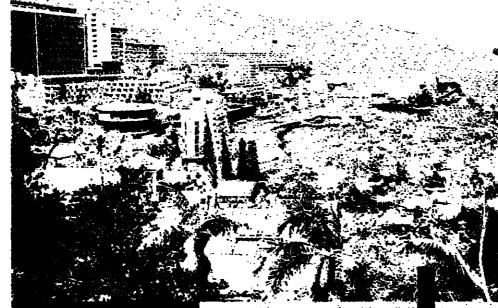
Capital

partnerships From Mr Stephen O'Brien. Sir. Labour's consultation document on London is noteworthy in several respects "Capital voice might trigger conflict", April 11). From our perspective as an organisation representing business interests it is important for another reason. Labour acknowledges the value of partnerships between the private, public and voluntary sectors. The paper states that "special arrangements" should be made to ensure that "businesses and the voluntary sector are involved at all stages in the formulation of policy."

In sharing the aim of making London a better place in which to live, work and invest, we shall be reminding the party that maintaining London's competitiveness and acknowledging its position as a global centre are key elements in the governance process.

Stephen O'Brien Chief Executive, London First, 6 Tothill Street. London SW1H 9NA. UK





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Andrew Adonis

Make a date with disaster



would be in poor taste. But they are certainly, well. murmuring excitedly as the BSE wreaks havoo

A celebration

on the beef industry.
No, it is not the pig and sheep rearers, but the students of disaster studies. Forget political correctness. Disasters are the coming fashion, and mad cows will give it the biggest boost since global warming, the ozone layer and

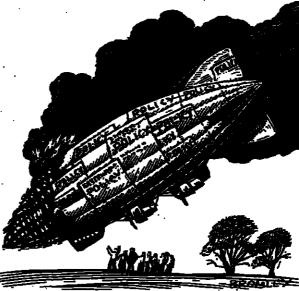
the poll tax.
With perfect timing, Dutch professors Mark Bovens and Paul 't Hart have published what is bound to become a seminal text for the disaster fraternity. In *Understanding* Policy Fiascoes, they enthuse bout putting catastrophes to

constructive use". Failure in government is much more conspicuous than they claim, and "tends to promote organisa-tional and political forces that advocate change".

Far from offering quick fixes for ministers and mandarins flailing amid health scares, Bovens and 't Hart question the whole notion of "policy failure". Indeed, the very use of the term "fiasco" disguises the wide range of factors needed to assess the impact of any official action in response to a complex challenge.

Consider a textbook case the US swine flu affair of the mid-1970s which offers uncanny parallels with the BSE disaster. In 1976, an outbreak of influenza at Fort Dix New Jersey, killed a soldier. Studies showed his virus had similarities to one in pigs hence "swine flu", a term as emotive as "mad cow". Virologists feared that a deadly strain had re-entered the human population - on its last appearance in 1918, it killed m worldwide, more than the entire slaughter of the first world war.

Within months, the initial appraisals were confirmed and an official projection warned of a possible 1m swine flu deaths if nothing was done. Gerald Ford, then US president, urged Americans to get vaccinated. One problem: the vaccine available had not been proved to be safe or effective so the government indemnified the pharmaceutical industry



against claims from users. You can guess the rest. There was no epidemic. The vaccine had dreadful sideeffects. More than 4,000 people filed claims against the government for Guillain-Barré Syndrome, which affects the nervous system, and many eventually died from it. The cost to the government ran to billions of dollars in today's

In the US this has gone down as a classic fiasco. An official inquiry pointed at guilty men - over-confident specialists spinning theories on meagre evidence, health professionals driven by uncontrolled zeal. and many more. "Infamous", "ridiculous", "disastrous" are among the epithets in the cut-

Was it really that bad? My reaction was to ask: "Well, what if there had actually been a swine flu epidemic?" However, Bovens and 't Hart question this whole line of reasoning, given the flimsy evidence on which the Ford administration was proposing to act. Instead, they stand back and dwell on the underlying issue: that today's voters expect governments to solve any prob-

lem. however ethereal. Because of this expectation, "policymakers who try but fail tend to be judged less harshly than those who fail to try". It was largely for this reason, they suggest, that the Ford administration was so anxious to act. If popular expectations were lower, governments would be less inclined to seek instant solutions to complex

In the BSE case, UK minis-ters did try to hold back from intervention, but have been forced into action by consumers and the European Union. Billions of pounds will be spent or lost - all because of some extremely tentative scientific findings. If there is no surge in the number of cases of Creutz-feldt-Jakob disease in a few years, there is likely to be a tome on The Great Beef Fiasco. Who will it blame? Probably

ministers and officials. Perhaps "over-confident specialists spinning theories on meagre evidence". Society at large is likely to escape blame although it is the popular demand for certainty from science and absolute food security from governments that explains recent events.

Then there is the question of timing, which Bovens and 't Hart claim is equally important in "fiasco analysis". By timing they mean two things. defining the date of a flasco. and choosing the date from which to look back at it in iudement.

In the case of BSE, does the fiasco lie in the scares of the 1980s and subsequent government inaction? Or with the pronouncement of government scientists last month and ministerial failure to anticipate the public reaction? The blame for the supposed fiasco changes radically between the two. As for the importance of the

date of hindsight, the profes sors cite the case of airport construction in London and Paris. In about 1970 it seemed that the French government, with its dictatorial planning powers, had solved Paris's air traffic problem: a third interna-tional airport (now Charles de Gaulle) was under construction, while British planners wallowed in public protests and Whitehall indecision about

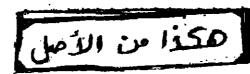
third London airport. Twenty five years later, London is smiling. Air traffic forecasts of the 1970s have proved much too optimistic, while larger aircraft and more effi-clent traffic handling techniques make it easier than expected to absorb higher demand. Paris has three underused international airports. created at huge social cost. London's two main airports are coping admirably; the third at Stansted in effect provides extra capacity as required and does not compete head-on.

What looked like a classic British fiasco in the 1970s is now almost a triumph in comparison with the French experience. Of course, the passage of a few more years could turn the tables should Heathrow fail to win approval for its fifth terminal and traffic congestion grows faster than expected. Policy planners may then look to the French in admiration. A fiasco, like treason, is often a question of dates.

Bovens and 't Hart end with remarks about blame. The urge to assign blame is integral to the branding of a policy or hapcation of blame is itself a highly loaded endeavour. It presupposes an ideological view of the perfectibility of government and human action. As they put it, "optimists blame people, realists blame organisations, pessimists

blame the system as a whole." Not that any of this is new. Back in the 16th century Machiavelli sought to refute the idea that everything in government depended upon luck and God. He advised his readers. "I am disposed to hold, that fortune is the arbiter of half of our actions, but that it lets us control roughly the other half." A fair verdict on the mad cows, perhaps.

Understanding Policy Fiascoes. Transaction Publishers, New Brunswick, New Jersey, US



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COMMENT & ANALYSIS

Beef producers: on the rack

FINANCIAL TIMES Number One Southwark Bridge, London SE1 9HL

Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Wednesday April 17 1996

Towards peace in Korea

Of all the flashpoints in Asia, the The alacrity with which China sig-Korean peninsula is arguably the most dangerous. North Korea confronts severe economic difficulties and widespread hunger, but outsiders know little about how the government is coping, or even who is really in charge. The risk of explosive tension on the border with South Korea is made worse by Pyongyang's unpredictability.

Against that backdrop, yester-day's proposal from the US and South Korea for four-party peace salks including China as well as North Korea is a constructive step. It offers an elegant way round North Korea's reluctance to talk to the South, and sends a firm signal to Pyongyang that there is no point in continuing to seek direct dealings with the US in an attempt to isolate Seoul.

That China quickly indicated

support for the proposal is a further bonus. It can leave North Korea in little doubt that the multi-party approach carries broad international backing especially since Japan has also

reacted favourably.

Moreover, the rest of Asia must look with relief on the fact that China and the US can still co-operate on something. Coupled with the recent unexpectedly bold moves to shore up the US-Japan security alliance, that has set a positive tone for President Clinton's Asia trip.

There is one big question: will North Korea pick up the idea? Unless it does, the other three will have no one to talk to and the

nailed its willingness to become involved when its relations with the US are otherwise cool has its negative implications. It suggests that China, the country which knows North Korea best is also

Some might argue that it would be best to be tougher, and that the outside world has been too willing to offer concessions to North Korea. The west, Tokyo and Seoul are bankrolling the installation of safe nuclear technology in North Korea's power sector. That has not stopped Pyongyang sabre-rattling, and there is no guarantee that it will give up its own nuclear pro-

But in dealing with such an inscrutable regime there needs to be some carrot as well as stick The idea of multi-party talks protects the interests of South Korea. All parties must remain firm that

need to be some incentives for North Korea to participate. From the US side this could involve the offer of aid as well as the opening of a liaison office in Pyongyang. From South Korea it could be a willingness to resume government

But it is a safer way to proceed.

ANC business

under renewed pressure on the foreign exchange markets yesterday, suggesting continuing doubts about that country's political and beconomic leadership. The latest run was triggered by the resignation almost two weeks ago of Mr Chris Liebenberg, a non-political banker, as finance minister, and his replacement by Mr Trevor Manuel, a leading member of the African National Congress. Yet perhaps the business community general, and the markets in par ticular, should be more influenced by a move in a different direction: the decision by Mr Cyril Ramaphosa, the powerful secretarygeneral of the ANC, to quit parliament and become a businessman.

He explained this as a conscious move on the part of the ANC leadership to deploy more of its top people in the private sector, to reinforce the drive for "black empowerment". The aim is to give the majority black community a greatly enhanced role in business, as well as in government.

There is a real dearth of black business leadership in South Africa, not to mention black ownership, as a direct consequence of the years of anartheid rule. Black control of South Africa's listed companies amounts to a minuscule 0.6 per cent of the total capitalisation of the Johannesburg Stock Exchange. The fact that Mr Ramaphosa, widely seen as a possible future state president, should Choose to lead the push for a big-

drawn, especially in a country like South Africa, where it has long been rather blurred: It would be quite wrong for Mr Ramaphosa to use Nail, the investment company he is joining as deputy chief executive, as a vehicle for party purposes. As a businessman, his decisions should be motivated by

Angle-American group's property and industrial holding company,

If so, Mr Ramaphosa must tread with great care. South Africa needs a wealthy and vital black business community. ANC recognition of that fact is thoroughly reassuring. But the party must avoid the temptation of abusing its political power in the private sector: that would risk killing the golden goose.

Cutting tariffs

system's greatest achievements has been to erode the high tariffs which were long protectionism's instrument of choice. That success has contributed powerfully to growth of world trade and prosperity in the past half century. Governments should now consider completing the good work by committing themselves to the goal of total tariff abolition.

The changing structure of the world economy makes that more desirable - and possible. The growth of integrated global production networks has led companies which once benefited from tariff protection to view it as an irritating impediment. That is why US and European information technology industries want a multilateral agreement to free

trade in their products. But liberalisation should go beyond sectoral approaches. The Uruguay Round commits developed countries to cut average tarlffs on industrial products to 3.8 per cent. Though levels on certain "sensitive" products will remain high, tariffs on many others will be so low that they no longer proside effective protection. The case for scrapping them is cogently made in a recent paper by the Swedish Industries' Federation. It estimates that by 2000, revenues raised from EU customs duties will be exceeded by the collection costs. Most of these are borne by business, which has to less devote valuable resources to com-

One of the multilateral trade plying with complex customs pro-

Economic self-interest should prompt governments to dismantle tariffs unilaterally. A growing number of developing economies is now doing so. But most coun-tries still view tariff cuts, perversely, as concessions, which trading partners must reciprocate. Further substantial progress on tariffs is likely, therefore, to require multilateral negotiations. That is not a prospect which most World Trade Organisation members relish. But there are sound reasons why they should consider it seriously at the WTO's ministerial meeting in December.

First, a new round of tariff negotiations would inject sustained impetus for liberalisation into the global trade agenda at a moment when it lacks clear priorities and direction. Secondly, the economic gains from tariff cuts are substan tial and proven. Thirdly, further progress at the multilateral level would make it harder for regional

against non-members. get date for eliminating all tariff barriers. Such deadlines are all WTO members belong. Global less ambitious a multilateral

worried about its stability.

gramme for good.

this is the only way to proceed. Having done that, there may

to government talks on food aid.

There is no point in deliberately

seeking to undermine North Korea. That would precipitate the very crisis and chaos which the region now fears. Gradual integration of North Korea into the broader international community

ative of the importance attached to it by the ANC. Instead of the failed old idea of nationalising private companies to ensure political control, the ruling party is send-ing its best and brightest into the private sector. So far, so good. Of course, there are real dangers in such a move. It is essential to keep the dividing line between politics and business clearly

sound business logic. Nail is one of the two black

investment groups bidding for control of Johnnic, the which owns important media interests. Nail already owns the Sowetan, South Africa's biggest circulation black newspaper. That may well be a big factor in the ANC interest.

The golden

trade groupings to discriminate

The exercise could be made more purposeful and relevant if WTO members also agreed a taralready embodied in all the rapidly proliferating regional free trade areas, to which almost economic integration demands no

British prime cattle sales Lay-offs at 90 of the largest abattoirs in the country (000s) representing 80% of beef volume

(2m) representing 80% of market

 EU and national compensation to farmers of about \$550m a year for the destruction of cattle aged over 30

Financial help

 Further national aid of up to £80m for farmers with more valuable beef steers

and heifers aged over 30 months EU aid of \$20m for slaughter of male

calves that cannot be sold National aid for the rendering industry

A further cut on the menu

The UK government has yet to prove to its European partners that it has done enough to end the beef crisis, says Alison Maitland

ish beef crisis, the rapidly moving chain of events has thrown up the most ironic of prospects. The UK meat trade predicts beef prices will rise sharply within a few weeks as a shortage of animals coincides with a recovery in consumer demand.

The shortage will be the inevita-ble result of the government's deci-sion last month to remove all cattle over 30 months of age from the food chain, say industry experts.

Following the rise in confidence in muscle meat (steaks and joints), there's bound to be a resurgence in demand from caterers, fast-food outlets and meat products manufacturers," says Mr Peter Scott, general secretary of the Federation of Fresh Meat Wholesalers.

Retail sales of beef, which halved immediately after the crisis broke on March 20, have recovered thanks largely to hefty price-cutting by

The Meat and Livestock Commission, the industry-funded promotional and research body, says sales have returned to about 85 per cent of pre-crisis levels. Steak and joints are selling well. But sales of mince, the type of meat which the public now associates with old dairy cows at greater risk of bovine spongiform encephalopathy (BSE), or mad cow disease, remain depressed.

Nielsen, the independent market research organisation, also finds evidence of a sharp recovery, and says consumers in the top social classes A and B are notably heavy buyers of beef. Cattle prices have picked up, as has the number being sent to market.

Speculation about a mass slaughter of the 11m-strong UK cattle herd led to forecasts of a doubling in the public sector borrowing requirement, a surge in inflation and a widening trade deficit as Britain was forced to import substitute dairy products. But the economy looks set to suffer far less than some economists predicted after the government announced a possible

human brain disease Creutzfeldt- tinue production. "This could sim-Jakob disease.

"It's nowhere near as apocalyptic as we originally thought," says Mr Ian Shepherdson, UK economist with HSBC Markets. "It's going to be a drop in the ocean on the macro-economic scale of things."

He says the amount of compensation now being discussed for the industry was "not big enough to be interesting". The European Union will pick up 70 per cent of the cost of the main element of compensation to farmers for the destruction of cattle, which would be spread over several years. Added together, it might add a "minimal" 0.1 per cent to the inflation rate, he said. The real worry - that the whole dairy herd might be culled - had

been removed from the agenda. This sanguine response to the unfolding drama is not shared by farmers or the meat trade. Mr Fraser MacLeod, director of the Scottish Crofters' Union, is gloomy. Consumers may be returning to beef, but only at low prices which could make it unviable for many of

protracted battle over how best to restore confidence

in the EU beef market before the

ban on British beef products is

The row over beef has underlined

the worst aspects of the UK's rela-

tions with its European partners.
While British politicians have pointed accusing fingers at Brussels for imposing the ban, the rest

of the EU is incredulous at the UK

government's aloofness and slow

British anger over the supposed

hypocrisy of Mr Franz Fischler, the

EU agriculture commissioner, who said this week he would happily eat

British beef, and UK threats of

response to the crisis.

ply result in more people leaving the industry," he says, "leading to a detrimental impact on rural communities and the environment."

Mr Scott, of the meat wholesalers' federation, is grateful the "hysteria" has died down but insists the crisis is as serious as ever. He fears 4,000 jobs could be lost permanently in abattors, meat packing and trans-port operations because of the cut-

off in animal supplies.

The Meat and Livestock Commission says the recovery in domestic demand affects only about 30 per cent of the pre-crisis market for British beef. The export market has been completely cut off by the European Union's worldwide ban on British beef and beef-based products. And the market for meat for processing into pies, soups and sau-sages has collapsed with the removal of the older cows which supplied it from the food chain because they are considered more

likely to have BSE. The government and the National Farmers' Union are mounting legal

"The British authorities are

focusing on the wrong ban," says

an EU diplomat. "They shouldn't be

attacking the legislative ban; they

should be concentrating on the con-

EU countries, notably Germany

and Spain, harbour deep misgiv-

ings about Britain's ability to clean

problem. Member states feel the UK

has, through the years, tried to minimise the issue to keep trade going. They believe Britain has

been forced to take action at every

Hostility to the UK has been com-

turn. Finally, Europe's patience has cracked," an EU official said.

There is a major credibility

sumer boycott."

un its meat industry.

imposed by the European Commission on March 27 and endorsed by Britain's EU partners on April 1. They argue that the ban must be lifted because it is an unjustified infringement of free trade. But EU member states are demanding drastic action from the UK to prove it is

stamping out the disease before they will lift the ban.

The destruction of cattle over the age of 30 months is due to start at the end of this month. The age is based on the fact that these cattle are half-way through the average five-year incubation period for BSE. The agent that causes the disease

a young cow developing it would carry only tiny amounts compared with much older animals. The government ban on cattle over 30 months entering the food chain has left animals piling up on farms without any market. Before the crisis, about 15,000 milkproducing cows were killed each week at the end of their useful lives. The National Farmers' Union

tion, have been forced to take mi-

lateral steps to rebuild public confi-

calves are to be destroyed, and in

Any pact to end the crisis is

likely to be brokered by Mr Fis-

chler, who has already secured agreement that the EU will pay 70

per cent of the cost of animals

killed in Britain in the anti-BSE

"Our aim is to get the han lifted."

says one Commission official.

"Once Britain has good scientific

easures in place, we can start."

Caroline Southey

France 76,000.

increases exponentially with age, so

£118m for the rendering industry says the backlog has now reached which has lost the market for its main product, meat and bonemeal now banned from use in all animal feed. Slaughterhouses are also to EU's anger at 'les rosbifs' receive £110m "to avoid a disorderly collapse of the sector". To lift the export ban, however, The UK and continental not been taken seriously by other states, which have seen an average Europe seem set for a EU states. 30 per cent drop in beef consump-

the UK's European partners want to see Britain do more to reduce the incidence of the disease as fast as possible. Mr Hogg yesterday rejected speculation about a wide dence. In the Netherlands, the slaughter of cattle in herds at high carcasses of 64,000 British-bred risk of BSE.

months are also caught by the ban

and will have to be destroyed. The

farmers' union estimates there are

100,000 to 150,000 waiting on farms.

mals will be slaughtered in the first

week," says Mr Ian Gardiner, policy

director. This suggests that destruc-

tion will have to take place at a rate

of about 30,000 cows a week until

the backlog is cleared. The govern-

ment plans to dispose of these cattle

by rendering them down and using the remains for landfill or for fuel

Farmers unable to sell their older

cows for meat will be compensated

at nearly £500 an animal. Mr Doug-

las Hogg. UK agriculture minister, yesterday announced additional aid

of up to £30m for producers of older

steers and heifers which would

have commanded a higher price

than milk cows before the ban. Overall, the aid package

announced so far totals more than

£900m. Other elements include

in power stations.

"There is no way all these ani-

Following intense lobbying by the powerful farming unions, he said the numbers killed would probably be "in the low tens of thousands" Moreover, Britain would go ahead with a culling policy only if there were benefits such as an indication that it would lead to an end to the

As far as the rest of the EII is concerned, Britain has no choice but to produce a slaughter plan for the Commission's approval by the end of this month. The intriguing question now is: who will give ground first?

OBSERVER

ring of truth

■ Those queneing to see the fabulous treasures of Troy at Moscow's Pushkin Museum might be a little puzzled by the contents of the catalogue. It contains no reference to the fate of these legendary items - found by German archaeologist Heinrich Schliemann during the late 19th century - since they disappeared from Berlin at the end of the second world war.

The catalogue's Italian producers, Leonardo Arte, were acutely aware of Russian sensitivities to the treasures being spirited away to Moscow as war booty, their very existence was denied until 1991. But when the exhibition organisers ruled out any entry mentioning what had happened to these precious objects. the Italian publishers profferred an ingenious solution - a special chapter to be inserted as a pull-out in the catalogue folder. No deal, said the Russians. Those who want to read the

catalogue's summary of the post-1945 history of the treasures needed yesterday's Corriere della Sera, where it was published. All this confirms the Russians are unlikely to relinquish the treasure, believed to be from King Priam's tomb, despite recent

agreements with the Germans on the return of illegally exported war

booty. With a neat piece of sophistry, the argument in the case of the Troy gold is that the orders came from Stalin and were thus perfectly "legal".

As a further precaution against any German claim, the Russians have a list of some 70,000 objects destroyed or taken by the Germans in the Soviet Union during the war - more than enough to fill a Trojan horse.

Mañana beckons ■ Spain's many public holidays

can be a misance, even for parties. Political ones, that is. Take José Maria Aznar, leader of the centre-right Popular party. He would like to have his investiture next week. Unfortunately the Catalan nationalists, whose vote is required to make up Aznar's majority, will be celebrating the feast-day of Catalonia's natron saint St George on April 23. Not overly enamoured of the Madrid parliament anyway, the Catalans have put off their meeting to rubberstamp an agreement to support Azpar until April 28; will the following week do for his swearing-in?

Sorry, says Aznar's Madrid-based party. That clashes with a city shot-down during May 1-2, commemorating a heroic *Madrileño* revolt against Napoleon's occupying army. As the caretaker government - in place since the March 3 elections -

seems to have coped pretty well, two weeks here or there probably doesn't matter that much. And what of departing prime minister Felipe González? He's spending the next few days at a festival where they stage the best parties of them all - in his home

town of Seville.

Shadows lengthen ■ The poor old much abused English language has been under attack for centuries. No doubt it will survive its latest skirmishes with cyberspace, but Observer winces at this sort of thing, taken from the IBM information network: On Monay April 15 CFSOFT will finally be sunsetted. This means that the application will become restricted access" (surely that's become subject to restricted

of announcement support." The verb "to sunset" will go far: "The company was forced to sunset 10 per cent of its workforce, despite being part of a sunrise industry."

access"?) "and offer no further day

Dietary habits

■ This would seem to come under the "closing the farmyard gate after the mad cow has bolted' category. By now most of the world knows that scientists suspect a link between feeding cattle ground-up bits of their fellows and the onset of mad cow disease: the

UK banned the practice in 1988. News of this link has finally lapped Japan's shores, where the the Ministry of Agriculture, Forestry and Fisheries yesterday asked farmers not to give their cows, sheep and goats any feed containing the meat or bone powder of their fellow herbivores just in case. And oh yes, Japan banned British beef in March. Pass the sushi - double-quick.

I will eat my words Franz Fischler, the EU farm commissioner, may wish he'd made plain weeks ago his belief British beef was safe to eat. His proposal of the export ban on March 25 in order, he said, to restore confidence in the EU beef market, seems to have backfired. Figures from Britain's Meat and Livestock Commission show beef cattle prices are well down across the continent. Guess which country has suffered the biggest fall? Why, Fischler's

Chop suey mess

native Austria.

Richard Harden, editor of Harden's London Restaurants, recently took a call from what sounded like a noisy City office: Caller: "What's the best Chinese restaurant in London? Harden: "Money no object?" Caller: "Sounds good - what's its

Minancial Time

100 years ago Horseless carriages

The first ordinary meeting of the British Motor Syndicate. Limited, was held vesterday, Mr Harry J. Lawson, the chairman, said: "To-day I have to announce a dividend - the first in the horseless carriage industry - of 10 per cent, an interim which I hope before the end of the year will be considerably more than 30 per cent. We are the patent company of the horseless carriage industry. We have the oldest and the most valuable patents, which include all improvements in every little detail of the auto-car, and to-day we are negotiating for everything which a committee of expert engineers recommends to us as valuable in securing a motor monopoly on which we can charge substantial royalties.

50 years ago Pact with Portugal

At last the news is released of the signing of a monetary pact between Great Britain and Portugal. This pact with our oldest Ally virtually completes our monetary agreements with Europe - though Spain, for obvious reasons, still lies outside the family circle. The agreement with Portugal provides a basis for further trade development. including reasonable imports of a beverage highly and rightly esteemed in Great Britain.

FINANCIAL TIMES

Wednesday April 17 1996

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£938m package aims to support British livestock industry

UK to contest beef ban in court

Neil Buckley in Brussels and Andrew Jack in Paris

The UK government yesterday announced plans to challenge the European Union's ban on British beef exports in the courts, as it unveiled a package of measures Worth more than £900m (\$1.4bm) to support the domestic livestock

Mr Douglas Hogg, agriculture minister, said he would take Britain's case to the European Court in the near future, and claimed the court could issue an interim ruling on the ban within

Meanwhile Mr John Major, the prime minister, plans to step up the diplomatic pressure in a series of meetings with EU leaders at Friday's meeting in Moscow of the Group of Seven leading industrial nations.

Mr Hogg yesterday announced in the House of Commons details of a sweeping package of meacosting £938m in its first year and

scheme to stop cattle aged over 30 months from entering the food chain. About 15,000 older cattle mainly dairy cows - are brought for slaughter every week and used in products such as meat

pies and soup. Under the Ministry of Agriculture scheme, farmers will be paid just under £500 for each animal. which will then be destroyed. The programme will cost £550m a year, of which 70 per cent will be funded by the EU, and will con-

The main component is a cent of the pre-crisis market price. The remaining £30m will be paid to abattoirs according to the number of cattle they slaughtered last year.

A survey of the abattoir industry by Coopers and Lybrand, ioned by Mr Hogg, found chronic over-capacity in the sector even before the BSE crisis

hegan last month. Mr Hogg said: "The substantial package of support I have announced should provide a breathing space during which

Further cut on menu Page 15; Date with disaster Page 14

tinue for the forseeable future. Mr Hogg also announced a £110m one-off package to help the abattoir industry, which has accumulated huge stocks of unsold beef since BSE, or mad disease, was linked to the fatal human condition, Creutzfeldt-Jakob disease.

Of this £110m, £80m will be spent on clearing unsold stock, which will be bought into inter-

companies can adjust to the new market circumstances and make rational decisions about their

future operations." The final element of the aid package is the payment of up to £80m to kill young male calves from dairy herds to prevent future beef gluts and an £80m top-up payment to specialist beef herds whose cattle normally take more than 30 months to reach

Some £118m in aid to the rendering industry, which disposes of carcass waste, was announced

by Mr Hogg earlier this month. The government's decision to challenge the European beef ban was dismissed as counter-productive by one senior EU official. This will play into the hands of those in Europe who want to pro-long the ban as long as possible."

Mr Hogg's argument that the ban was not justified - citing the comments of Mr Franz Fischler, EU agriculture commissioner. that British beef was safe - was dismissed in Brussels. "If the UK wants to challenge it, that is their right. But we are quite satisfied with the legality of it," a Commission spokesman said.

Mr Major yesterday wrote to European leaders protesting at the beef ban and requesting meetings on Friday in Moscow. He hopes to have talks with Mr Jacques Santer, the Commission president, Mr Helmut Kohl, the German chancellor, Mr Jacques Chirac, the French president, and Mr Lamberto Dini, the Italian

Italy's parties vie for Catholic support

Venomous exchanges between right and centre-left in run-up to election

By Robert Graham in Rome

Italy's political parties are fighting for the allegiance of Catholic voters in the final days of the country's general election

The two broad alliances of the centre-left and right are both claiming to be the true repositories of the Catholic vote - traditionally about a third of the elec-

The need to win the allegiance of these voters has led to venomous exchanges between Mr Silvio Berlusconi, leader of the rightwing alliance, and Mr Romano Prodi. head of the centre-left

It began with Mr Berlusconi claiming in a television interview that his alliance, and especially his Forza Italia movement, best represented Catholic values. He also claimed 40 per cent of practising Catholics had voted for Forza Italia in the last election in

In reply, Mr Prodi, identified

world, gave an interview to the mass-selling weekly Familia Cristiana and claimed Mr Berlusconi had got rich by peddling sex and violence on his Fininvest television channels. He insinuated that Mr Berlusconi was scarcely a model Catholic, his five children

The skirmish underlines the confusion over what constitutes the Catholic vote. Since the collapse of the long-ruling Christian Democrat Party in 1992, this part of the electorate has lost its central point of reference and the Catholic Church has been divided over how to counsel voters.

coming from two marriages.

five groupings. One study of candidates for the 630 seats in the chamber of deputies in this election has shown 126 former Christian Democrats standing for the centre left and 117 for the right. Those on the right, allied with Mr Berlusconi, are in two tiny parties - the Christian Democratic Centre (CCD) and the

The former Christian Democrats are now split into at least

the latter headed by Mr Rocco Buttiglione, a Catholic philosopher with close ties to the Pope.

Both the CCD and CDU are very wary of the presence in the Berlusconi camp of Mr Marco Pannella's Radicals who favour abortion. Their presence makes it difficult for the conservative elements in the church to encourage a vote for the right.

The bulk of Christian Democrats, reformed as the Popular Party (PPI) are an integral part of the centre-left Olive Tree Alliance. The PPI has sponsored the leadership of Mr Prodi and has the clear sympathy of the pro-gressive side of the church.

The Catholic vote on the left can tolerate an alliance with the Party of the Democratic Left (PDS), the dominant element in the Olive Tree. But the PPI is reluctant to endorse a formal pact with the old hardline communists of Reconstructed Com-

a catholic voter except a compro-



There is thus no easy outlet for Silvio Berlusconi: accused by centre-left rival of getting rich

THE LEX COLUMN

Smoke signals

Looking at Philip Morris' profit figures, it is easy to forget the US cigarette industry is being forsaken by consumers and besieged by litigants. Of course, the marginal increase in US cigarette sales in the first quarter was a hiccough in a steady decline. But given that Philip Morris achieved a 7 per cent increase in shipments. against a market increase of just 2 per cent, its competitors are taking the pain. Meanwhile, its international operations are growing far faster than the likes of BAT Industries.

Indeed, the food business, which was supposed to provide the higher growth and market rating to off-set an ailing tobacco business, is holding it back. A demerger is firmly off the agenda, following Mr Bennett LeBow's failed attempt to break up RJR and Nabisco. But given Kraft's lacklustre performance, and the lowly rating it would attract, it is unclear whether there would much hidden value to be

unlocked by a split. Nevertheless, Philip Morris' 37 per cent discount to the market, based on its prospective price-earning ratio, looks excessive. Even after capital expenditure and an expected 20 per cent dividend increase, the group should produce \$3.4bn of free cash flow this year, which will be used for earnings enhancing share buy-backs. This should be enough to off-set the smoke of litigation.

South Africa

Mr Trevor Manuel, South Africa's new finance minister, says his job is like playing hopscotch in a minefield. What he does not say is that some of the mines are already exploding: the rand is taking a sustained battering, which shows few signs of abating. The recent fall owes less to economic fundamentals, and more to speculation mixed with a vague, probably unjustified lack of confidence.

This is a baptism of fire for Mr Manuel. But it is also a chance for him to seize the initiative - by taking the next step in lifting South Africa's exchange controls. With the markets desperate for a convincing sign of Mr Manuel's intentions, now is the time for a bold move. If you are planning to hop among mines, there is something to be said for setting some off before

Southern/UK utilities

8MB RAM (expandable to 40MB)

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10.4" Dual Scan colour screen 3.5" distante drive

What is Southern Company up to? Last summer it snapped up South Western Electricity, paying a healthy premium for control in the process. Atfirst glance, selling a big minority

FT-SE Eurotrack 200: 1714.1 (#19.2) Philip Morris 1990 91 92 93 94 95 98

stake less than a year later looks like financial madness. But it might not be as silly as it looks. Prices have risen substantially since Southern's bid for Sweb - one of the less absurdly inflated in the sector. And Southern should not be short of buyers – even ignoring the option of floating the stake to passive investors. One possibility would be a US power company. under pressure to invest abroad but too small to gobble up a whole company on its own. Another would be a generator especially if it could wangle a deal giving it effective con-trol of Sweb's supply business, adding to its vertical integration on the

Just as interesting is what Southern might do with the proceeds. The company has formidable resources - and has recently secured an increase in the regulatory limit on its freedom to invest oversess. And given that it has ruled out the most obvious modestlysized hid it might make - for South West Water - there is a good chance that it is after something big. But as those who took a punt yesterday on a Southern bid for South West now know, guessing-games like these can easily result in burnt fingers.

Redland

Redland's perennial problem has been that its ambitions exceeded its cash flow. The reorganisation of its roof tile interests goes some way to remedying that. By merging its wholly-owned roofing operations with those of Braas of Germany - in which it has a 51 per cent stake - the combined business can use Braas's tremendous cash flow for expansion. Redland is also extracting a one-off £220m payment, and in future it can force Brass to pay out 75 per cent of its

profits compared to 40-60 per cent his torically. Taken together with last year's dividend cut and the imminent sale of the brick division. Redland will be left with a strong balance sheet, a better capital structure and the wherewithal to expand in aggregates and developing markets.

But this deal is not a panacea. The immediate impact on profits will be limited since Redland expects no cost savings from the reorganisation. Nor does it reduce Redland's exposure to a ket. And while the transaction mitigates Redland's advance corporation tax problem, the group still needs a fresh source of UK earnings. Buying either Camas or Bardon would solve that and make strategic sense. The fact that Redland has explicitly ruled this out shows how sensitive it is to charges of overpaying in the wake o the Steetley acquisition. But it would be a shame if Redland allowed past mistakes to dictate its future strategy

Tesco

Tesco's management must feel aggrieved by investors' response to yesterday's profit figures. The food retailer announced it was toning down dividend growth due to increased investment opportunities in its core business; the response was a markdown of its shares.

Of course, some cynicism is deserved. Around £100m a year is to be pumped into a continental European business which has made a good impersonation of a black hole. So far it has swallowed £340m, and generated a return of just 4 per cent last year. And it is going to be a long, hard slog to acceptable profitability. Nonetheless, £600m a year is targeted for UK retailing, where returns have been excellent, and Tesco's smaller store concepts offer substantial growth opportunities. Besides, management erves credit for Tesco's recent performance. The Clubcard incentive scheme has proven extraordinarily successful. Tesco has achieved volume growth without sacrificing margins. And with the help of a little inflation. sales were up 7 per cent in the first five weeks of the fiscal year, although the Clubcard was launched during the comparative period in 1995.

Petrol price wars could rein in profits by £30m, but the shares are still trading at a 15 per cent discount to the average market price-earnings ratio. A discount is appropriate, given below market growth rates. But Tesco deserves to be rated at least as highly as its weakened competitor J. Sains-

Lebanon ceasefire plan | Yeltsin chases votes

Continued from Page 1

political consensus that Mr Har-iri has established since he assumed power in 1992. Mr Hariri has overseen the disarmament of all Lebanon's warring factions but Hizbollah. widely seen throughout Lebanon as legitimate resistance to foreign occupation, has remained armed. Syria, which maintains a strategic alliance with Iran, acts as a conduit for logistics to Hizbollah

direct challenge to the fragile

and has considerable influence over its activities.

Agreement by Mr Hariri to the

Israeli-US terms of ceasefire would be seen as a serious com-promise of Lebanese sovereignty and its right to resist occupation. It would inevitably provoke an internal political crisis in Lebanon and Hizbollah, a Shia Moslem fundamentalist group backed by a large part of the Lebanese population, would fiercely resist being disarmed. Its support appears to be growing.

Continued from Page 1

sia's financial elite in Moscow.

"All my efforts are aimed at ensuring Yeltsin's re-election,"

FT WEATHER GUIDE

Mr Alekperov said. "If Yeltsin's main rival, the communist leader Gennady Zyuganov comes to

The oil baron warned that the cations because of the substantial western stakes held in some Rus-

toward the symbols and promises of the left, Mr Yeltsin earned a warmer endorsement from Rus-Mr Vagit Alekperov, president of Lukoil, Russia's most powerful oil company, forcefully backed Mr Yeltsin and warned that a communist victory could cripple the country's nascent market

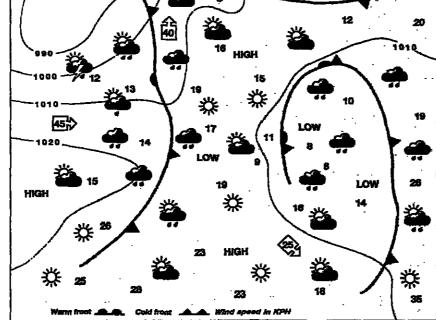
power then it will bring a change not only of the country's political course but also of its economic

communists' vague talk of rena-tionalisation had already frozen the price of Lukoil shares and could have international ramifisian companies, including Lukoil.

Europe today Cold air from the Atlantic will move across the British Isles, bringing showers, sunny spells and windy conditions to much of the region. A wide area from Spain through to France, the Benefux and the North Sea will be cloudy with showers, with southern France having the most rain. The south of the Iberian peninsula will remain dry with widespread sunshine, and high pressure will cause sunny, mild conditions in most of Germany, Poland and the Baltic states. Low pressure will bring widespread cloud and rain to the Balkans, Ukraine and

Five-day forecast

A wide area from Portugal, through France and up to Scandinavia will be cloudy with showers. Central Europe will remain dry and sunny. The eastern Balkans will be wet until Saturday. while western areas will become dry conditions will prevail in Poland and the Baltic states, and Greece will have



Lufthansa

TODAY'S TEMPERATURES shower sun shower sun sun sun sun Cosabiar
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Dakar
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Dublin
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Elonex's NB-500/i notebook changes all that, Even the basic specification of the NB-500/1 offers PCJ Pentium power and a colour screen. And its modular design means that despite its small size and light, weight, users benefit from a wide range of alternative configurations, including an optional CD-ROM drive. This Notebook has been designed to beat the best in the world, matching the versatility and processing speed of much bigger and heavier machines. Its Pentium processing power, multimedia capabilities. upgradeability and performance certainly puts the NB-500/I in a class of its own.



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COMPANIES & MARKETS

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Wednesday April 17 1996

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enters

Westpac

battle for

NZ bank

By Terry Hall in Wellington

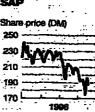
pae of Australia.

IN BRIEF

Easdaq expects 20 groups on opening

Easdaq, the new Europe-wide stock exchange modelled on the US's Nasdaq, expects to list about 20 companies when it opens in September and to add 20-30 more during its first year of operation. The target is to trade the shares of 500 companies on Easdaq within five years. Page 18

SAP share price slips as forecasts queried



the German business software group, has suggested that some analysts' profit forecasts were over-optimistic, prompting a 7 per cent fall in the share price to DM188. Mr Henning Kager-mann, a board member, said forecasts of a 50 per cent rise in earnings per share were too high. The company con-

A senior executive of SAP.

firmed Mr Kagermann's comments, stressing they referred to the whole of 1996, and not the first quarter. Page 20

Strong sales push VA Tech 37% ahead VA Tech, the Austrian plant engineering group, lifted its group net income 37 per cent last year from Sch979m to Sch1.34bn (\$128m). Mr Othmar Puehringer, chairman, said he expected earnings to rise by more than 10 per cent this year. Page 20

Higher costs drag Tsingtao to surprise fall Tsingtao Brewery, the first Chinese enterprise to obtain a listing on the Hong Kong stock exchange, reported a 9.6 per cent drop in net profits to Yn98m (\$11.8m) last year, sharply below expectations.

New Chase beats forecasts with 13% rise Chase Manhattan and Chemical Banking capped their recent merger with a 13 per cent jump in revenues in the first quarter of this year, a performance which outstripped analysts' expectations. Page 22

Eastman Kodak plans \$2bn buy-back Eastman Kodak, the US photographic and digital imaging group, announced a \$2bn stock buy-back programme as it reported first-quarter net earnings up 5 per cent to \$274m, or \$0.80 a share. The result was helped by unexpected strength in consumer

Strong cigarette sales lift Philip Morris The growing popularity overseas of US-style cigarettes helped Philip Morris, the biggest US tobacco company, increase net income by 15 per cent to \$1.6bn in the first quarter. Page 24

Companies in this issue

Arco Chemica Bank of Montre Cable and Wireless
Canadian Insurance
Capel-Cure Myers China Motor Chrysler Citicorp Coflexip Coles Mye Compass Conoco Cott EMI Music Eestman Kodal Epaus Eurest France Fage Faat Ford GE GM

26 Gold Fields 20 Gold Mines, K'g'lie Harris Bank ISSC Australia Inco 22 Inco
18 Johnson & Johnson
18 Mitsubiehi
22 Okocim
5 Okvetti
4 Preuti
18 Přízer
21 Philip Morris
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21 Philip Holzmenn
21 PolyGram
17 PreussenElektra
26 RJR Nabisco
26 Redand
18 Renel
22 Reutera
5 SAP SAP
SM Prime
Seven Network
Snecma 22 25 21 25, 18 25 18 17 21 18, 1 20 18

Market Statistics

Annual reports service lenchmark Govt bonds Bond futures and options Bond prices and yields Eurobond prices FT/S&P-A World Indices FT Gold Mines index FT/ISMA inti bond svc

FT-SE Actuaries indices Foreign exchange Gliss prices London stare service Managed funds service Money markets New will bond issues Regent Issues, UK US interest rates World Stock Markets

Wells Fargo Westpac

Chief price changes yesterday ASSESSED FOR ASSES ACC Telephorps 11.25 + 1.25 Amount 22.55 + 1.8 Brochoon Physia 54.25 + 3.25 16.85 + 0.7 3.375 0.275 7.55 + 0.3 57.5 - 5 127 - 13 425 - 375 Inque Robber MEG For East Securities One Thai Cane

Olivetti begins turnround of PC arm

By Andrew Hill in Milan

Olivetti's troublesome personal computer subsidiary has begun terday.

The PC company made a slim net profit in February and March this year, in line with its aim of breaking even for 1996. Mr Carlo De Benedetti, Olivetti's chairman, has said the group would dispose of the PC business if it cannot be returned to profit this

Olivetti yesterday announced a 1995 net loss for the group of L1,598bn (\$1bn), in line with expectations following the release of preliminary figures in

Chrysler, the smallest of the

three big US car and truck mak-

ers, confirmed yesterday that it is

once again firing on all cylinders

as it produced record first-

quarter profits of more than \$1bn

The results represent a marked

turnround from the beginning of

last year, when Chrysler was

struggling with the high costs of

launching a new minivan, its big-

gest-selling vehicle.
The figures are also likely to

provide a contrast to those of

General Motors and Ford Motor,

which are expected to report

sharp profit declines in the next

Chrysler's troubles in 1995

coincided with an unexpected dip in US vehicle sales for all manu-facturers, and helped provoke an

two days.

Italian computer company's subsidiary in line to ond digital mobile phone operator, in which it has a 41.3 per break even after group net loss deepens to \$1bn

stock to investors. The slide in the share price over the three months since Olivetti successfully concluded a L2,357bn rights issue has disappointed many

lyst with Aloisio Foglia Ventura in Milan, said: "The fact that the PC business is going OK is fine, years - but this improvement was wiped out by restructuring

costs of L1,123bn and interest charges of L328bn. Turnover rose to L9,840bn, up 5 per cent at con-

down from 1.2,011bn at the end of June 1995, before last autumn's capital increase.

at L1,000 each, but were then unhappy to learn that Olivetti would include heavier restructuring provisions in its 1995 results. The shares fell to a low of L735 last month, hit by news that PC makers such as Compaq and IBM of the US had cut prices, while

6.7 per cent for the period, nearly double the level of a year before

and close to the 6.9 per cent of

Chrysler maintained its profit margins in spite of signs of con-

tinuing price cuts in the highly

competitive car market. The

average incentive to buyers in

the first quarter was \$640 a

vehicle, up from \$495 in the previ-

Mr Gary Valade, chief financial

officer, said strong new vehicle

sales in the US during the first

quarter, which were running at

an annualised rate of 15.7m for

the industry as a whole, had led

the company to raise its estimate of total sales for 1996 to 15.3m,

Chrysler's net income in the

from 15.1m.

The shift to more profitable light trucks enabled Chrysler to hold its after-tax profit margin at to \$2.61, from \$1.23.

the final quarter of 1995.

others had been forced to shut PC operations. Olivetti shares closed yesterday at L847.1, before

the announcement of the results. This year, Olivetti seems to have anticipated price cuts in the PC sector. Its products are not sold in the US and have only a

Olivetti pushed further into the

cent stake, and infostrada, a joint venture with Bell Atlantic of the

The group's new structure - a holding company and five subsidiaries - should make it easier for Olivetti to spin off individual activities or link up with outside partners. In recent weeks, Olivetti has denied reports that it was talking to France Telecom and Bull, the French computer group, about partnerships in other areas, including PCs. Olivetti is already examining the market flotation of a minority stake in Lexikon, the office equipment subsidiary, and has realised L242bn of the L400bn it hopes to raise by 1997 from the

disposal of peripheral businesses.

National Bank of New Zealand, a subsidiary of Lloyds Bank of the UK, has for weeks been considered front runner in discus sions with Trust Bank But Mr Bob Joss, managing director of Sydney-based Westpac, has spent much of the past week in Wellington and is thought to be

The battle to buy Trust Bank of

New Zealand hung in the balance

yesterday after a last-minute

entry into the bidding by West-

co-ordinating a bid. The outcome will be known tomorrow when Trust Bank announces the results of an auction which has taken its price tag to NZ\$1.5bn (US\$1bn).

Some brokers believe ASB Bank, which is 75 per cent con-trolled by the Commonwealth Bank of Australia, is also still in

the running.
The nine community trusts that control 78 per cent of Trust Bank met in Wellington vesterday to consider formal bids. The Trust Bank board, which last week advised investors not to sell their shares, said it was concerned by the continued rise in its share price and still expected make an announcement

If Lloyds wins, it would become the country's biggest bank with total assets of NZ\$24bn. If Westpac gains control of Trust Bank total assets of its New Zealand unit would jump from NZ\$13bn to NZ\$20bn, making it the second biggest after the Bank of New Zealand which is the country's leading trading or retail bank with assets of NZSChn.

The bidding has taken the likely acquisition price up to an expensive NZ\$3.20 a share, which would value Trust Bank at roughly 25 times 1996 assets and 15 times 1996 net earnings.

On the New Zealand stock market yesterday, Trust Bank shares rose a further 13 cents to NZ\$3 on turnover of 1m shares. Westpac in Sydney described

the reports as speculation, and declined to comment further. Lloyds in London said it never commented on speculation. The UK bank, though acquisitive, has een reluctant to get involved in auctions.

In New Zealand, however, Mr Malcolm McCaw, National Bank's chairman, said his bank was "obviously" interested in Trust "All banks, of course, are inter-

to recover from years of heavy losses, the Italian group said yes-

January.

A number of analysts said it

Mr Gianluca Codagnone, ana-

but I need that to be confirmed by the results later in the year."
In 1994, Olivetti recorded a net loss of L879hn, and an operating loss of L16.7bn. The group returned an operating profit for 1985 of L114bn – the first for four

Chrysler accelerates to \$1bn

abortive takeover bid from Mr

year, by contrast, have seen it recover its poise. Mr Robert

Eaton, Chrysler chairman,

reached a pact with Mr Kerko-

rian in February which headed off any threat of a shareholder

revolt at its annual meeting in

May. As yesterday's results indi-

cated, the company is benefiting

from an unexpectedly strong start to the year in the US car

Buoyed by strong sales of its

high-margin minivans and sports

utilities, Chrysler registered a 10

per cent increase in revenues to

\$15bn. It produced 753,176

and light truck markets.

vehicles, a 5 per cent rise.

Kirk Kerkorian, the company's

record first-quarter profit

est shareholder. biggest shareholder.
The opening months of this stant exchange rates.

The group's net debt stood at L775bn at the end of December.

Many foreign institutions bought shares in the rights issue

minor presence in Germany, the two markets hardest hit by the downturn. Olivetti said the total volume of its PC shipments increased 28 per cent in the first quarter of this year, and by 38 per cent in Europe, where the market has expanded by less than 20 per cent.

telecoms sector in 1995 through

US vehicle maker's result expected to contrast sharply with main rivals' performance

Gathering speed: Robert Eaton, Chrysler chairman

BT and C&W heads drawn into merger talks

By Alan Cane in London

Top executives from British Telecommunications and Cable and Wireless have for the first time become directly involved in the month-old talks which could lead to a merger between the

Dr Brian Smith, C&W chairman, yesterday visited BT's chairman Sir Iain Vallance to get the talks restarted after the Raster break Sir Peter Bonfield, BT chief

executive, was last night meeting

the C&W executive team headed by Mr Rod Olsen, acting manag-ing director. At these discussions, the two sides were addressing practical issues of a potential merger, which would create a £33bn (\$50bn) telecoms group.

Their involvement is an advance from the talks between the companies' financial advisers. Officials close to the talks said the involvement of top exec-utives represented an evolutionary step forward in the merger

There was now "cautious opti-

mism" that a deal could be done, they said, although nobody was underestimating the complexity or delicacy of the negotiations. Officials are suggesting that a conclusion is still some weeks off and that the talks could break

down at any moment.

BT and C&W have held merger talks intermittently over the past few months but price and prob-lems associated with C&W's stake in Hongkong Telecom and both companies' alliances in Germany have prevented progress. A turning point came last

reverse takeover on such a scale has yet to be tested. It is understood that little now separates the two sides on price - thought to be three BT shares plus cash for two C&W shares although Germany remains a problem. BT has alliances with

month when the idea of a reverse

takeover, whereby C&W would

acquire BT, was mooted. Such a

solution might avoid regulatory

problems in Hong Kong, but

observers have pointed out that the attitude of the Hong Kong

and Chinese authorities to a

the German industrial groups Viag and RWE while C&W has an alliance with Vebacom, telecoms arm of the Veba group. Lawyers in Brussels yesterday

suggested European competition authorities might have no object tions to an alliance of BT, C&W and their German partners because it would accelerate the opening of the German telecoms market.

Deutsche Telekom, meanwhile,
or deny

is refusing to confirm or deny reports it plans to bid for C&W. China studies merger, Page 21

ested. Many parties are involved," he said.

Barry Riley

When rocket scientists crash out of orbit



correspondence encourages me to return to the subject of the mathematical models which are dominating - and some would say distort-

ing – today's financial markets. A month ago I described Robert Clarkson's battle against the hegemony of, in particular, the Black-Scholes formula for pricing options. His fight turns out to be by no means lonely. A technical article in the March issue of Risk magazine by three continental physicists, Jean-Philippe Bouchaud, Giulia Iori and Didier Sornette, discusses the shortcomings of Black-Scholes - suggesting it underprices options - and proposes a more general theory to fit

realistically risky markets. An intrusion of physicists into finance is not unusual. Financial economics has long depended on contributions from the physical sciences.

In investment folklore, after all, rocket scientists are part of the essential nerd complement of any quantitative back room. But more fundamentally, financial economics can be seen as an attempt to apply to the financial markets some of the complex mathematical techniques developed in physics and chemistry.

These methods have been employed in studying Brownian motion (classically, the movements of tiny particles buffeted by gas or liquid molecules). And indeed, the 1973 breakthrough by Fischer Black and Myron Scholes was an adaptation of heat transfer equations from physics.

One of the key Black-Scholes ual risks, especially by applying a more sophisticated mathematiassumptions was that price

follow the same kind of probability distribution that applies to natural phenomena – the belishaped lognormal distribution. In practice, however, this is not so. In particular, empirical distri-

butions exhibit far more frequent extreme outcomes or "fat tails". For example, one-day stock mar-ket price falls of 5 per cent would only happen once every 1,000 years on the basis of a standard probability curve. And Wall Street crashes such

An intrusion of physicists into finance is not unusual

as those seen in 1929 and 1987, with one-day changes of the order of 25 per cent, would have an almost zero chance of happening, although we know that in practice they are liable to feature about twice a century and no investment institution or securi-ties dealer that intends to stay in business for the long term can ignore the risks of a repetition. in more usual circumstances

there may still be awkward price jumps, so that volatility is higher than assumed under Black-Scholes. Moreover the risks cannot be entirely hedged away, as implied by the idealised model. The Bouchaud-Iori-Sornette formula for "real world" options attempts to minimise these resid-

movements in financial markets cal treatment to the "tails" of the follow the same kind of probabil-distribution. If the risks cannot be hedged out, at least they can be reduced via diversification. The immediate issue arising from all this is whether the markets are following a dangerous

path by wrongly pricing options and leaving marketmakers highly exposed to extreme events. The warning by Clarkson has been that too much market maker software blindly incorporates Black-Scholes so that "real" prices have fallen more into line with the formula, whereas pre-1973 they were higher, especially for low-volatility contracts.

But according to the Bouchaud team this is not so. Market practitioners are usually aware that unmodified Black-Scholes generates underpricing and have incor-porated trial-and-error improve-

So is this a lot of fuss about nothing? Perhaps, but we still do not know how robust these mathematical techniques will turn out to be in extreme circumstances. There are still worries about the application of natural scientific models to financial markets controlled not by natural laws but by human psychologies of greed

Reorientation of the mathematics from nature to finance requires modification, and an understanding of the behaviour of the models under stress. New graduates from business schools may be too ready to accept theories of financial economics as received wisdom.

Such recruits are often promoted rapidly in trading houses and are driven by big financial incentives. Fat wallet attitudes may prove vulnerable to fat tail A consortium consisting of



IBERDROLA



i Tractebel Group

Central Termoeléctrica Tocopilla S.A. (CTT, Chile)

has acquired a controlling interest in

the former electricity generating division of Codelco Chile, for a total consideration of

US\$178 million

The consortium was advised by



N M Rothschild & Sons Limited LONDON

and its associate company in Chile

BICE CHILECONSULT AGENTE DE VALORES S.A.

SANTIAGO DE CHILE

March 1996



ITS OWN

COMPANIES AND FINANCE: EUROPE

Easdaq plans to list 20 groups this year Surprise

By Clive Cookson in Amsterdam

Easdaq, the new Europe-wide stock exchange modelled on the US Nasdaq, expects to list about 20 companies when it opens in September and to add 20-30 more in its first year of operation.

The target is to trade the shares of 500 companies on Easdaq within five years, with an emphasis on information technology, biotechnology and other fast-growing fields.

Mr Jos Peeters, Easdag vicechairman, gave a progress

shareholdings.

indicate the problem.

the Swiss market.

advanced in restructuring

themselves, the big banks did

not seem yet to have got the

managers were up to the job,

and worried that Switzerland

as a whole would suffer unless

the banks woke up fairly soon.

investors are increasingly

willing to express their

He and other institutional

biotechnology at the annual European Life Sciences Conference in Amsterdam yesterday. Mr Peeters had promised a year ago that Easdaq would be up and running last January, but its launch was delayed by technical and legal difficulties. The problems had been solved. he said yesterday, and "things

ple of months late." Easdaq, based in Brussels, is financed by a consortium of European and US banks. Trading will be quote-driven, with marketmakers on both sides of

are well on their way for

launch in September - but

don't shoot me if we are a cou-

the Atlantic displaying prices a market that can live through on the network of the Interna-tional Securities Market Assoclation, currently used for eurobond trading.

Easdaq plans to start by giv-ing a dual listing to 20 companies already quoted on Nasdaq, Its requirements were modelled on the US exchange's rules for small capitalisation stocks, Mr Peeters said, to make dual listing as painless as possible.

Easdaq plans to concentrate in its first year on initial public offerings for private companies. The medium-term goal, said Mr Peeters, was "to create

Institutions let votes do the talking at UBS

the next recession". Easdao's competitors include

the national stock markets. particularly London, which are trying to become more hospitable to young, high-technology companies, and new local markets for smaller companies such as the UK's Alternative Investment Market and Le Nouveau Marché in France.

A director from one of two French biotechnology companies, Genset and Transgene, that are expected to go for dual listing on Nasdao and Le Nouveau Marché this year, said that pressure from the French

government on Paris financial institutions would ensure Le Nouveau Marché got off to a good start, though he predicted that it would soon be crippled by low liquidity.

Comment at the Amsterdam conference suggested that many European biotechnology companies will welcome Easday because they are dissatisfied with other options for going public. London and other national exchanges are regarded as unfriendly to companies from different European countries, while servicing a Nasdaq quote in the US takes

fashionable

"The best companies are not

statement hits Ericsson share price

By Hugh Carnegy

Shares in Ericsson, the Swedish telecommunications group, fell 4 per cent in late trading yesterday after a surprise statement by the company on first-quarter sales sparked a new round of investor warries about prospects for the mobile telephone industry. Ericsson, the world's biggest

supplier of mobile equipment, said net sales in the first quarter were 14 per cent ahead of the same period last year. when they reached SKr19.8bn (\$2.9bn). Orders were up 11 per cent. It added that the increases were almost twice as high in US dollar terms, and said mobile division sales -the biggest unit in Ericsson were up 50 per cent in dollar

The figures were broadly in line with market expectations. But the lack of further detail or comment on profit performance increased concern that the trend of spectacular profits growth by leading mobile telephony suppliers has ended.

Ericsson's most-traded B shares tumbled SKr5.50 to close at SKr130.50 in Stockholm in the short time between the announcement and the market close.

The fall followed a previous

downward lurch in Eriesson stock this month after a promment US television commentator predicted first-quarter profits would fall below the SKr1.2bn pre-tax earnings achieved in the same period last year. Then, the B shares fell more than SKr20 to below SKr130 before steadying.

The company declined to elaborate on first-quarter performance before its scheduled results announcement on May 8. Its refusal to give any profits forecast for the period, or the year as a whole, contributed to the anxiety among investors.

The world's three leading mobile telephone makers -Bricsson, Motorola of the US and Finland's Nokia - have suffered from the pessimistic mood, which stems mainly from a slowdown late last year in mobile phone sales in the US and a slide in prices for mobile handsets.

Nokia has warned of a substantial fall in first-half

NEWS DIGEST

Banesto records 47% improvement

Spain's Banesto banking group, which came under the control of Banco Santander two years ago after the country's largest bank rescue operation, reported a 47.5 per cent improvement in attributable first-quarter net profit to Pt26.98im (\$55m). The result included net extraordinary gains of Pta3.5bn, five times 1995's first quarter figure. Among other recsons for the profit increase, which was in line with Banesto's targets and analysis' expectations, the bank cited a reduction in costs, selective growth in its lending portfolio and recovery of non-performing loans. Operating profits climbed 78 per cent to Pts10.43bn. Clients' funds were 7.5 per up at Pta2,910hn, while loans showed growth of just over 6 per cent, to Pta2.080bn.

Brewer seeks share issue delay

Brau und Brunnen (BBI), the German brewing group, has formally applied to a Polish court to postpone a share issue by the listed Okocim brewery. The case is the country's first big test of the ability of local courts to protect investors' rights.

BBI, which faces losing its position as the strategic investor in Okocim, is contesting the legality of the issue in the first dispute involving a large foreign investor in a listed Polish

The issue, which closed last week, has seen Carisberg, the Danish brewer, take 7m shares worth 127.4m zlotys (\$48.64m). giving it a 31.8 per cent share in Okocim and will, if the issue s registered, lower the German brewer's share to 14 per cent from its present 25 per cent.

BBI says it was tricked into dropping its right to a 25 per cent share of the i0m share issue and has been trying to get the courts to rescind the issue and force management to hold a new shareholders' meeting. Christopher Bobinski, Worsne

PreussenElektra ahead

PreussenElektra, Germany's second largest electricitygenerating company and a subsidiary of the Veba conglomerate, announced a 3 per cent rise in profits in 1985 to DML-06bn (\$701m) on turnover flat at DM15.9bn, Mr Hans-Dieter Harig, chief executive, said increased sales in eastern Germany, which rose 2.9 per cent, and a 6.3 per cent growth in sales at VKR, its west German power plant subsidiary, accounted for the boost in profits.

Sales in western Germany declined 1.2 per cent. The total volume of PreussenElektra's electricity sales in 1995 increased by 0.7 per cent to 98.5bn kW/h. In 1995 PreussenElektra made investments of DM-L7bn, the bulk of these in plant modernisation. PreussenElektra said it was interested in increasing its existing 10 per cent stake in Bewag, the Berlin Frederick Stildemann, Berlin electricity distributor.

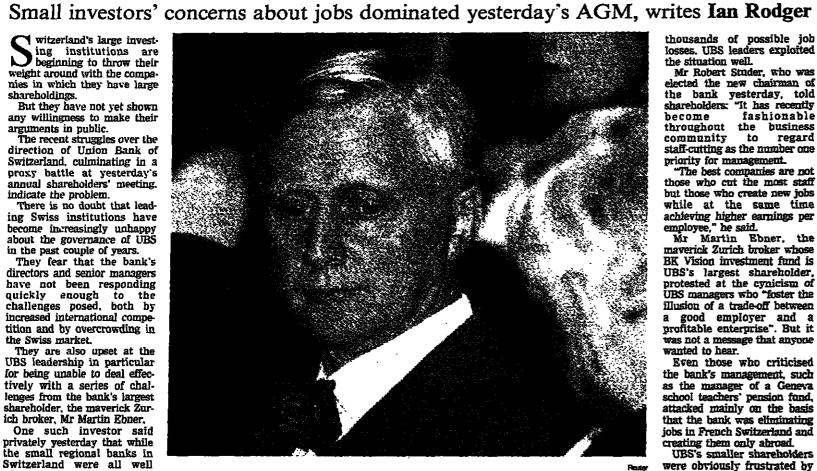
Vendex advances

Vendex International, the Dutch retail and services group. announced an 8 per cent rise in net income to FI 415m (\$345m) on sales of F1 11.3bn for fiscal 1995,96, in the first full-year statement since its bourse listing last June. It will pay a dividend of Fl 1.50 a share. Operating income advanced by 20 per cent to Fl 412m. The increase was entirely a result of real estate transactions, which added Fl 125m to earnings. David Brown, Amsterdam

Henkel lifts payout

Henkel, the German chemicals group, said it would propose a 1995 dividend of DM11.5 on its preferred shares, up from DM11 a year earlier. The company also said it would pay a dividend of DM10.5 per common share, up from DM9 in 1994. Sales at the group's domestic units climbed 3 per cent to DM5.09bn (\$3.37bn), while sales at the foreign units amounted to DM9.10bn, little changed from the year earlier.

AFX News, Dusseldorf



Martin Ebner: attacked 'illusion of a trade-off between good employer and profitable enterprise'

concerns directly to company managements, and it is known He wondered if the existing that they have spoken to UBS directors in recent weeks. However, they have kept their heads firmly out of public view. When asked by the media in recent weeks how they would vote their UBS

shares, most said they had not

yet decided. But at the UBS shareholder's meeting in a suburban Zurich ice hockey stadium, this and other concerns about the bank were scarcely to be heard.

The shareholders who chose to speak were mostly concerned about potential job losses, and argued that the

the community as well as to its shareholders.

ince the idea of a merger of UBS and CS Holding, the group built around Credit Suisse, was mooted last week, there has been widespread public alarm about

that anyone with a more than 0.5 per cent holding should be obliged to state his position on the important issues.

The Swiss like things to be clear and straightforward, so it

institutions.

would not be surprising to see such an innovation in the near

the absence of the big

One suggested, to applause

ABN-AMRO Holding N.V. established in Amsterdam

GENERAL MEETING OF SHAREHOLDERS

The annual General Meeting of Shareholders of ABN AMRO Holding N.V. will be held at 22, Foppingadreef, Amsterdam-Zuidoost at 2.00 p.m. on Friday, 3 May 1996.

- 1 Report of the Managing Board for the year 1995.
- 2 Approval of the 1995 annual accounts adopted by the Supervisory Board. This approval will ratify the actions of the Managing Board and Supervisory Board, in accordance with article 37(5) of the Articles of Association.
- 3 Report of the Shareholders' Committee.
- 4 Authorisation of the Managing Board, subject to the approval of the Supervisory Board, to have the company acquire for a consideration shares in its own capital up to such number as may, by virtue of the provisions of section 2: 98(2) of the Netherlands Civil Code, be so acquired by the company at that particular point of time by means of any agreement, including stock market and private transactions.

The price shall be between the face value of the shares and 110% of the market value, which is understood to mean the average of the highest share prices on each of the last five days of trading preceding the date of acquisition, as published in the Daily Official List of the Amsterdam Stock Exchange Association. The authorisation will be valid for a period of eighteen months as from 3 May 1996.

5 Any other business.

The annual report for the year 1995, including the financial statements, is open for inspection starting 18 April 1996, 10.30 am and may be obtained free of charge at the office in Amsterdam, 595 Herengracht and the banks mentioned

All shareholders and holders of depositary receipts may attend the meeting either in person or by a proxy authorised in writing, provided that the holders of bearer shares and depositary receipts have deposited their share certificates and depositary receipts, respectively, not later than Monday, 29 April 1996, at one of the following banks:

any office of ABN AMRO Bank N.V. in The United Kingdom: National Westminster Bank PLC, (Stock Office Services, Station Way, Crawley),

Holders of registered shares wishing to attend the meeting either in person or by a proxy authorised in writing must inform the Managing Board of the company in writing of their intention to do so (P.O. Box 600, 1000 AP Amsterdam)

Persons other than shareholders and holders of depositary receipts who are entitled to attend the meeting must also notify the Managing Board of the company in writing of their intention to do so not later than Monday, 29 April 1996.

Subject to the provisions in the Articles of Associations, holders of ordinary shares and preference shares may exercise their voting rights at the meeting.

The receipt in exchange for the deposited shares or depositary receipts will serve as the attendance card for the meeting. The holders of registered shares will receive an attendance card by mail.

The report referred to in article 14 of the Trust Conditions of Stichting Administratiekantoor ABN AMRO Holding on the activities performed by the Trust Office during the year under review is included in the company's annual report.

The Managing Board,

Amsterdam, 16 April 1996



For Post of Table Post of Tabl

Caisse Centrale de Crédit Immobilier 3Cl

\$116:000,000 Floating Rate Notes 1998

Votice is hereby given that for the interest period 15 April 1996 to 15 July 1996 the notes will carry on interest rate of 6.3125% per annum, interest payable on 15 July 1996 will amount to £15.70 per £1.000

Agent: Morgan Guaranty Trust Company

JPMorgan



N.V. Koninklijke Nederlandsche Petroleum Maatschappij

(Royal Dutch Petroleum Company) Established at The Hague, The Netherlands

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Shareholders are invited to attend the Annual General Meeting of Shareholders on Wednesday May 15, 1996, at 10.30 a.m. in the "Nederlands Congresgebouw", 10 Churchillplein, The Hague,

- Finalisation of the Balance Sheet as at December 31, 1995 and the Profit and Loss Account together with the Notes thereto for 1995 and declaration of the final dividend for the year 1995.
- Appointment of a Member of the Board of Management. Appointment of a Member of the Supervisory Board.

Appointment of a Member of the Supervisory Board.
 Appointment of a Member of the Supervisory Board owing to retirement by rotation.

The documents referred to under items 1 and 2 are available for inspection at and may be obtained free of charge from the Company and Morgan Guaranty Trust Company of New York.

The nominations for the appointments referred to under items 3, 4 and 5 are available for inspection and may be obtained free of charge from the Company and, on the day of the meeting, in the

The nomination for the appointment referred to under item 3 lists Mr. S.L. Miller first and Mr. J.A. de Kreij second and the nomination for the appointment referred to under item 4 lists Mr. J.D. Timmer first and Mr. C.T. Leenders second. The nomination for the appointment referred to under item 5 lists Mr. T.C. Braakman first and Mr.

The address of the Company is: 30 Carel van Bylandtlaan, 2596 HR The Hague, The Netherlands, Tel.: 31-70-377 3395.
The address of Morgan Gueranty Trust Company of New York is: P.O. Box 9184, Boston, MA 02205-8671, USA, Tel.: 800-556-8639.

REGISTRATION

A. Holders of share certificates to bearer may attend the meeting if their share certificates are deposited against receipt not later than May 9, 1996, at Morgan Guaranty Trust Company of New York.

Information about institutions outside the USA at which registration may take place, is obtainable

Holders of registered shares of The Hague or Amsterdam Registry may attend the meeting if they register to do so with the Company in writing not later than May 9, 1996.

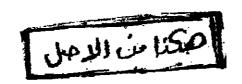
Holders of registered shares of New York Registry who are of record may attend the meeting if they register to do so with Morgan Guaranty Trust Company of New York in writing not later than

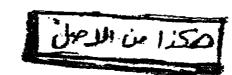
Usufructuaries and pledgees: what is stated above under A and B regarding registration is correspondingly applicable to usufructuaries and pledgees of bearer shares or registered shares,

Those who wish to have themselves represented at the meeting by a proxy must not only comply with what is stated above under A, B and C respectively, but must also deposit a written power of atturney not later than May 9, 1996, at the Company or at Morgan Guaranty Trust Company of New York. If desired, forms which are obtainable free of charge from the Company or from Morgan Guaranty Trust Company of New York may be used for this purpose.

The Hague, April 17, 1996

The Supervisory Board





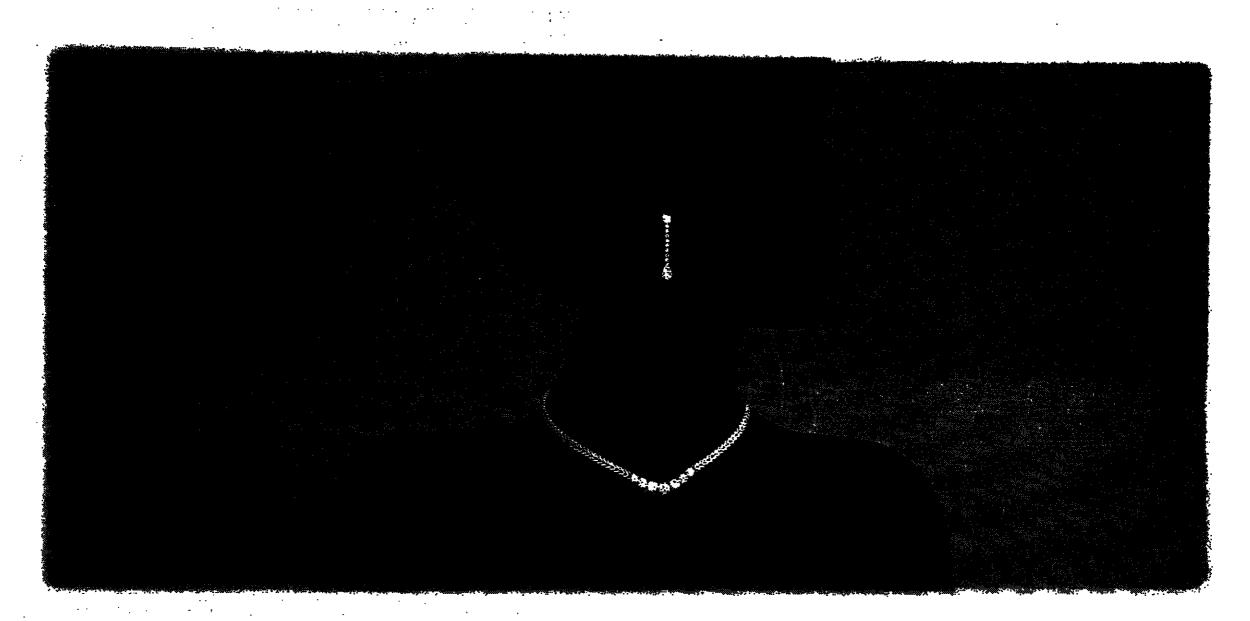
mesto records

🌉 🎥 🔭 Carlo Color (1987)

. improvement

STRENGTH AND ENDURANCE: DIAMONDS AND DE BEERS

Points from Julian Ogilvie Thompson's 1995 Chairman's Statement



1995 was a testing time for De Beers and the worldwide diamond industry which it serves. Once again it has met these challenges, demonstrating the flexibility of a system of single channel marketing which has endured for more than 60 years.

At the beginning of 1995 prospects for the industry were perceived in some quarters to be clouded by uncertainty. By the year's end, however, the De Beers Central Selling Organisation (CSO) was able to declare record sales of US\$4,531 million, an increase of 6.6 per cent on the previous year. Its sales policy and management of the market revived confidence in the cutting centres, which led to rising prices for larger rough and polished gem diamonds.

Following protracted negotiations, a major cause of uncertainty was dispelled when De Beers and the Russian government signed a memorandum of understanding governing a new sales contract. This memorandum is good for De Beers, good for the Russian diamond industry, good for diamond producers and for all constituents of the industry, including the consumer.

CSO sales for the first half of 1995 were encouraging, although the market was disrupted by continuing sales of cheap small goods which bypassed the single channel market. By June the CSO had brought the market in larger goods back into balance through its outside buying activities as well as tighter distribution, enabling it to increase the price of these diamonds. At the same time prices of the smaller, cheaper qualities were reduced in line with the market. Strong demand for larger goods continued in the second half, enabling the CSO to announce a further price increase of an average of 5 per cent for gem diamonds of two carats and above.

Despite a difficult trading year De Beers was able to announce increases of 11 per cent to US\$624 million in attributable earnings, of 18 per cent to US\$986 million in equity accounted earnings and an increase of 10 per cent in combined dividends for 1995.

De Beers' equal partnership with the Botswana government in Debswana Diamond Company, the world's largest producer by value, continues to prosper to the benefit of all concerned and there was a further increase in Debswana's total production to

16.8 million carats. Our year-old equal partnership with the Namibian government in Namdeb Diamond Corporation is developing encouragingly. The mining of off-shore areas by Debmarine already accounts for more than one third of Namdeb's total production; and technological advances to allow the mining of lower grade deposits are extending the deep sea reserves. In Angola De Beers has been awarded prospecting rights by the Angolan government.



In 1995, stimulated by De Beers' worldwide promotional campaign, more people acquired more diamond jewellery, spent more money and bought more polished carats than ever before. Preliminary figures suggest that the value of diamond jewellery sales increased by 5 per cent in 1995 to another record level. De Beers is confident that, given the right economic conditions, consumer demand will continue to grow.

The full Chairman's Statement and the Annual Reports of De Beers Consolidated Mines and De Beers Centenary for the year ended 31st December 1995 have been posted to registered shareholders. Copies may be obtained by writing to the London Secretary at the address below.

De Beers A diamond is forever

De Beers Consolidated Mines Limited (Incorporated in the Republic of South Africa), London Office: 19 Charterhouse Street, London EC1N 6QP. De Beers Centenary AG (Incorporated under the laws of Switzerland), Head Office: Langensandstrasse 27, CH-6000 Lucerne 14, Switzerland.

Additional Interest Statement Disney Enterprises, Inc.

(formerly The Walt Disney Company)* U.S. \$400,000,000

Senior Participating Notes Due 1999 bual Statement Dated: April 20, 1996

for the period from September 1, 1995 to February 29, 1996 (the "Period")

Pursuant to the terms of the above-referenced Notes, this Additional Interest memoni (the "Statement") is being furnished to Holders of such Notes of Disney Enterprises, Inc. (formerly The Walt Disney Company) (the "Company"). Capitalized terms used in this Statement have the meanings ascribed to them in the talized terms used in this Statement have the meanings ascribed to them in the Notes and the Fiscal Agency Agreement, dated as of October I, 1992, between the Company and Onibank, N.A., as Fiscal Agent, Principal Paying Agent. Fransfer Agent and Registrar. The information contained in this Sta iven for both the Period covered by this Statement (Indicated by the box checked above) and for the period from October 20, 1992, the date of issuance of the Notes

(the "Issue Date"), through the end of the Period covered by this Struement. If this is an Annual Statement, this Statement is also accompanied by descriptive report discussing the activity and status of Eligible Films. Copies of such descriptive report can be obtained by Holders of the Notes upon request to the Fiscal Agent at the following address and telephone number: Citibank, N.A., 120 Wall Street, New York, New York 10043, Attention: Corporate Trust Department: telephone: (212) 412-6214. If this Statement is an Annual Statement, it is also accompanied by a Supplemental Audit Report of the Company's independent public accountants. In this Statement, references to "S" are to United

1. Names of Eligible Films included in the Portfolio: a. For the Period:

N/A

b. From the Issue Date through and of Period:
The Muppet Christmas Carol
The Cemetery Cub
The Adventures of Hack Firm
Inclan Summer

Money for Nothing Guilty as Sin Life With Mikey Cool Runnings The Three Musi What's Love Got To Do With It Sister Act 2 Son-in-Law Cabin Boy

2. Names of short subjects to which any portion of Total Revenues has been allocated a. For the Period: N/A

Horas Pocus

b. From the Issue Date through end of Pe	noct N/A	
	For the Parloc:	From the Issue Date through and of Period;
Aggregate Negative Costs of Eligible Films in the Portfolio		\$435,790,000
4. The Portfolio Amount		\$400,000,000
 Aggregate Domestic Theatrical Rentals of Eligible Films in the Portfolio** 	\$17,495	\$195,123,724
6. Calculation of Contingent Interest:	 _	
Total Flevenues	\$52,538,443	\$861,809,130
Distribution Fees @ 17.5%	(9,194,227)	(150,816,598)
Estimated Third Party Participation Payments*	(690,551)	(4,993,652)
Residuels		(17,536,487)
Short Subject Revenues	0	0
Eligible Film Revenues		\$688,462,393
Base Amount	0	(800,000,000)
Eligible Film Revenues in	_	_
Excess of Base Amount		
Contingent Interest	<u></u>	
7. Contingent interest peld per \$1,000 principal of Notes		\$ 0
Domestic Theetrical Flentals of Eligible Films a pro-rate beals in the same (namer as Eligi pursuant to the Notes.		
* Actual Third Party Participation Payments & interest Payment.	re used with respect	to the Final
8. Supplemental Interest	\$0	2 \$0
Supplemental Interest paid per \$1,000 principal amount of Notes		9 ,00
10. Provisional Interest		, £80
Provisional Interest paid per \$1,000 principal amount of Notes	<u>\$0</u>	

ement, the Company has indicated be either any default by the Company in the performance and observance of its obligations under the Notes or the Fiscal Agency Agreement has occurred and

No Default

☐ Yes; Description:

Disney Enterprises, Inc. (formerly known as The Walt Disney Co.) By: Is! Ingtid McCounell
Title: Manager of Project Finance

"On February B., 1996, Disney Enterprises, Inc., (formerly known as The Welt Disney Copany) (the "Company") acquired Capital Cities/ABC, Inc. ("Capital Cities"). As a result, of the acquisition, the Company was remained Disney Enterprises, Inc. and became a silveit owned subsidiary of a new holding company named "The Welt Disney Company". Accordingly, the above-referenced Notes are securities of Disney Enterprises, Inc.

E.T.B.A. FINANCE Financial and Economic Services S.A.

(forsper Greek Exports S.A.) A subsidiery of ETBA S.A.

ANNOUNCEMENT

OF A PUBLIC AUCTION FOR THE HIGHEST BIDDER FOR THE PURCHASE OF THE TOTAL ASSETS OF INTERNATIONAL TOURIST INVESTMENTS S.A. NOW UNDER SPECIAL LIQUIDATION

ETBA FINANCE S.A., established in Athens at I Eraposthenous & Vas. Constantinou Streets, in its capacity as special fiquidator of INTERNATIONAL TOURIST INVESTMENTS S.A. in accordance with Decision No. 743/1996 of the Athens Court of Appeal within the framework of article 46s of Law 1892/90, supplemented by article 461

ANNOUNCES

a public suction for the highest bidder with sealed, binding offers for the purchase of the assets of INTERNATIONAL TOURIST INVESTMENTS S.A. (IPPOKRATOUS MELATHRON Hotel) established in Athens.

ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY INTERNATIONAL TOURIST INVESTMENTS S.A. today operates the Hippocarous Meliathron hotel group (A' Class) in the Psalidi area of Cos Island on a plot of land with a total area of 71,400 sq. metres which includes an entrance ball, reception, lounge, restaurant, taverna, discotheque, indoor and outdoor swimming pools, night clash, termis court, etc. Near the above hotel an independent building. "B' has been recented which was intended to house a Preventive Medicine Centre. Because the relative permit was not issued by the authorities, this building was converted to guest accommodation. It consists of two units file "Maisomethes" which contains not maisonesses and 26 beds and consists of two units: the "Maisomethes" which contains not muisocentes and 26 beds and the "Pavilion" which contains 18 guest bedrooms: According to special warrant No. 534549/93 for the operation of the botel, its capacity is 170 rooms with 315 beds. An on-the-spot inventory, however, lists 422 beds in 201 rooms (as a result of the conversion of building "B", etc.). From 1984, the company under liquidation had begun building a new 444-bed luxury houle unit (on part of the plot of land upon which the lopocrations Melastiron hotel has been built). This is a three-storey building on ten levels. Construction work was suspended and so far, all that has been erected is part of the reinforced concrete skeleton studling 3,871 sq.m. in area (against a planned total of 13,982,78 ag.m.). The company also owns a plot of land totalling 50,330 sq.m. in the area of the Kardameni community on the island of Cos. A full analysis of the existing building and other installations is contained in the Offering Memorandum to which you are referred.

TERMS OF THE ANNOUNCEMENT

The auction will be carried out in accordance with the provisions of article 46s of Law 1892/1990 complemented by article 14 of Law 2010/1991 as today in force; the terms contained in the present Announcement and the terms contained in the Offering Memorandum, regardless of whether they are repeated or not in the Announcement. The submission of a binding offer implies acceptance of all these

terns.

Interested parties may obtain the detailed Offering Memorandum and any information after righting a confidentiality agreement.

In order to participate in the auction, interested parties are invited to subt

scaled, binding offer to the Alhens Notary Public assigned to the auction Mrs.

Pannyota Alexandrou Grigoropoulou-Yannopoulou. 34 Pannepissimiou Street. 2nd
floor, offices 3, 4 and 5, tel: +30-1-364.5173, 363.2582 (also fix) up to 12.00 noon

Offers must be admitted in person or by a legally authorised representative. Offers submitted beyond the time Imit will not be accepted or considered. The bindingness of the offers will renamin in force until the adjudication. Offers on behalf of named third parties will be valid only if they are declared on submission behalf of named third parties will be valid only if they are declared on submission and personally guaranteed by the offeror to fulfil the obligations of the sale couract. Offers must not contain terms upon which their bindengness may depend or which may be vague with respect to the amount and manner of payment of the offered price or to any other essential matter concerning the sale. The fingulature and the creditors have the right, at their indocuroversible discretion, to reject offers which contain serms and exceptions, regardless of whether they are higher than others, or ignore such terms and exceptions, in which case the offer remains binding as far as the rest of its content is concerned.

On pensity of invalidity, offers must be accompanied by a letter of guerantee from t bank legally operating in Greeze, valid until the signature of the sale contract, (as per specimen contained in the Offering Methorandum) to the amount of a bundred and twenty million drachmas (120,000,000).

est bidder is the one whose offer has been evaluated by the liqu The highest bidder is the one whose offer has been evaluated by the liquidator and judged by the creditor ETBA S.A., following the proposal of the liquidator, as being the most satisfactory for the creditors of the company under liquidation.

The elements that make up the company's assers are being sold and will be transferred "as is and where is" and, more specifically, in their actual and legal condition and wherever they are on the date of signature of the fittal contract. The liquidator, and the creditor are not liable for legal or acqual faults or deficiencies in any of the qualities of the objects for sale, nor for any incomplete or bad description of them in the Offering Memorandum.

In the event that payment is to be on credit, the current value will be taken into account and will be calculated at the fixed rate of interest for all offers, this being the rate in force, at the time of admission of the offer, for interest-bearing Greek tate bonds of a year's duration, with annual compound interest.

in his obligation to appear and a sign the relative contract at the time and place set in the liquidator's invitation and abide by the obligations contained in the present sunouncement, then the amount of the guarantee stated above is forfeired to the Liquidator to cover expenses of all kinds, some spent and any real or paper loss suffered by himself and by the creditors with no obligation on his part to provide evidence of such loss or consider that the amount has been forfeited as a penalty

The liquidator bears no responsibility or obligation towards paraccipants in the auxilian, both with regard to the drafting of the evaluation report on the bids or to the Liquidator's proposal regarding the highest bidder. Also be is not responsible and has no obligation to paracciparts in the auction in the event of a cancellation or bivalidation of the auction if its result is deemed un-

any emidlement, claim or demand, on the strength of the present amounteement or their participation in the auction, against the liquidator or the creations for any clust or reason. 12. The costs of transferring the ownership of the assets for sale (taxes, fees, rights and

other expenses) are to be borne by the buyer,

For any further information on the company for sale, interested buyers may refer to the relative Offering Memorandum, which may be obtained from our offices at 1 Eratosthenous Street, 4th floor, Athens, Greece, tel: +30-1-726.0210, 726.0278, 726.0291 and 726.0506. Fax: +30-1-726.0864,

Telefonaktiebolaget LM Ericsson (publ)

(LM Eticsson Telephone Company)

The Annual General Meeting of the Company will be held at the Victoria Hall, the Stockholm Fair at 5.00 p.m. on Wednesday May 8, 1996.

The following items will be on the Agenda of the meeting:

To present the Annual Report and the Auditors' Report
 To present the Consolidated Accounts and the Auditors' Report

on the Group 3. To approve the Profit and Loss Statement and the Balance Sheet

4. To approve the Consolidated Profit and Loss Statement and the

Consolidated Balance Sheet for the Group

5. To discharge the members of the Board of Directors and the Managing Director from liability

6. To determine the appropriation of the profits, provided the Balance

Sheet is approved
7. To fix the record day for payment of the dividend declared
8. To determine the number of members and deputy members of the

Board of Directors and the number of deputy Auditors 9. To determine the remuneration payable to the members of the Board

of Directors and to the Auditors

or Directors and to the Board of Directors and deputy members

10. To elect members of the Board of Directors and deputy members

11. To elect Auditors and deputy Auditors

12. To approve the Board of Directors' proposal to change the Articles of
Association by adding a new § 7

13. To approve a proposal by The Swedish Shareholders' Association

(A histography) to consider a consideration of the proposal consideration of t

("Alchespararua") to appoint a committee to propose members of the Board and Auditors to be elected at the next Annual General Meeting Shareholders intending to participate in the Annual General Meeting shall give notice of attendance to the Head Quarters of the

Company, Corporate Legal Affairs, S-126 25 Stockholm, tel. 208: +46 (0)8 719 3444 or 719 4498 between 10.00 a.m. and 4.00 p.m. daily, or by factimile no. +48 (0)8 719 9527, not later than on In addition to the above requirements, shareholders intending to

participate in the Annual General Meeting must be entered in the share register kept by Vaerdepapperscentralen VPC AB (Swedish Securities Register Centre) not later than on April 26,1996. Shareholders, whose shares are registered in the paths of a nominee, must

temporarily be entered into the share register in order to be entitled to participate in the Meeting. The shareholder is requested to inform the nominee in due time before Friday April 26, 1996, when such

In order to participate in and to vote as proxy on behalf of a Shareholder at the Meeting a power of attorney must be presented.

The Board of Directors has proposed May 13, 1996, as the record day for payment of dividends. Provided this proposal is approved, the dividend is expected to be dispatched by Vaerdepapperscentualen VPC AB on May 21, 1996.

The Board of Directors.

FIDELITY SPECIAL GROWTH FUND

Société d'Investissement à Capital Variable Kansallis House, Place de l'Etoile B.P. 2174 L. 1021 Luxembourg R.C. No B 22250

DIVIDEND NOTICE.

At the Annual General Meeting held on March 28, 1996, it was decided to pay a dividend of US\$ 0.05 (cents) per share on or after April 26, 1996 to shareholders of record on April 4, 1996 and to holders of bearer shares mon presentation of compons no 10. Paying Agent: KREDIETBANK S.A. LUXEMBOURGOISE

43, Boulevard Royal L-2449 Luxembourg



CREDIT LOCAL DE FRANCE FRIF 750,000,000 REVERSE FLOATER BONDS DUE 2000 ISIN CODE : XS0043078954

For the period April 15, 1996 to October 14, 1996 the new rate has been fixed at 9,54395 % P.A. Next payment date: October 14, 1996 Coupon nr: 6
Amount: FRF 474,55 for the denomination of FRF 10 000 FRF 4745,46 for the denomination of FRF 100 000

THE PRINCIPAL PAYING AGENT SOCIETE GENERALE BANK & TRUST-LUXEMBOURG



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COMPANIES AND FINANCE: EUROPE

Strong sales lift VA Tech 37%

By Eric Frey in Vienna

VA Tech, the Austrian plant engineering group, lifted its group net income 37 per cent last year from Sch979m to Schl.34bn (\$126m). Mr Othmar Puehringer, chairman, said yesterday he expected earnings to rise by more than 10 per cent this year.

Mr Puchringer attributed the

leap to strong sales for steel plants, especially in east Asia and North America. Net income was also inflated by the sale of some real estate, he

Sch1,406.

to Sch26.09bn because VA Tech completed fewer projects than in 1994. Two-thirds of sales came from abroad.

Operating profit climbed 13 per cent from Schl.13bn to Schl.27bn, VA Tech will raise its dividend to Sch28 a share

by adding a bonus of Sch4 to last year's payout of Sch24. The shares closed up Sch5 at Sch1,390, after earlier hitting

Mr Puehringer said the company's full order books offered good prospects for 1996. New orders rose 10 per cent to Sch39.37bn last year from Sch35.8bn, while group sales slid 6 per cent from Sch27.90bn

Mr Puehringer said he hoped to compensate weaker demand from western Europe and the former communist countries by boosting sales in overseas

The share of VA Tech sales in east Asia rose from 9 per cent in 1993 to 27 per cent last year. Seven per cent of sales went to the Americas.

The company recorded an after tax-profit margin of 4.9 per cent. well above the average for the German engineering sector of 1 to 2 per cent, the chairman said.

Operating profit at the metallurgy division jumped from Sch394m to Sch534m last year, and Mr Puehringer said the company was among the top three world suppliers of modern steel plants.

The first steel plant using Tech's new Corex technology had recently started operating in South Kores, and the company had orders for seven further Corex projects after only one year. the chairman said.

Capital expension (and

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Earlier this month, VA Tech signed a letter of intent to build a large steel plant in Saudi Arabia.

In the energy and environmental technology division. Operating earnings rose from Sch507m to Sch810m last year, and order inflow stagnated after Several years of strong growth.

Operating profit in the plant engineering and service division fell from Sch225m to because Sch126 restructuring costs at the loss-making ejectro-technical

Gambro

pays \$75m

care group

By Hugh Camegy in Stockholm

for US renal

Gambro, the Swedish medical

technology group, yesterday

tion in global renal care mar-kets by purchasing the US kid-

ney dialysis company American Outpatient Services

Corporation for a sum under-

The acquisition is the latest

step in a trend within renal

care which has seen producers of dialysis equipment and

machinery move into the ser-

vice end of the sector by tak-

ing over clinics administering

dialysis treatment to patients.

It follows the merger last

month of the dislysis technol-

ogy operations of Germany's

Fresenius, one of Gambro's

chief rivals, with National

Medical Centers, the world's

biggest chain of dialysis clin-

ics previously wholly-owned

by W. R. Grace, of the US. The sulting company, Presen

Medical Care, is set to be the

stood to be around \$75m.

SAP share price slips as analysts' forecasts queried

COMPANY PROFILE:

By Wolfgang Münchau in Frankfurt

A senior executive of SAP, the German business software group, has suggested that some analysts' profit forecasts were over-optimistic, prompting a 7 per cent fall in the share price vesterday to DM188.

Mr Henning Kasermann, a board member, said in an interview with VWD, a German economics news agency, that forecasts of a 50 per cent rise in earnings per share were too high.

The company confirmed the comments, stressing that they referred to the whole of 1996. and not the first quarter.

SAP is due to announce its first-quarter results later today. The announcement has been brought forward to connteract growing speculation about the business outlook, and has been keenly awaited by investors.

Mr Kagermann also hinted that SAP might list its shares on the New York Stock Exchange in 1997 or 1998. Daimler-Benz, the automotive group, is the only German company with a US listing.

SAP is best-known for its R/3 client-server software, which combines a series of specialist modules for various business areas, including cost accounting, personnel and production planning. The company has been credited with having developed this market segment

in the 1970s. Partly driven by strong interest from abroad, SAP, the

By Andrew Fisher in Frankfurt

Shares in Philipp Holzmann,

Germany's largest construction company, fell sharply yester-day after the surprise news

that problems in the property

market had caused heavy

losses in 1995. The shares closed DM34 lower at DM579, a fall of 6 per

cent, after at one stage being

down 11 per cent at DM485.

Other construction shares

were mixed. Analysts said the

company's announcement on

Monday night reflected both

the weak property market and

poor management. They also criticised Holzmann's investor

relations, since the company

said in February a "good divi-

dend" would be paid. German construction compa-

nies came under pressure as

the property and building mar-kets slowed last year after the

post-unification boom; they have weakened further in 1996.

The Ifo economics research

institute said new construction investment this year would fall

in real terms for the first time

However, most other con-

struction companies are not in

as poor shape as Holzmann, which is heavily involved in property development and is

therefore affected by falling

since 1990.

SAP \$7.9bn Frankfurt Main listing 134.1 Historic P/E Earnings per share 1995 Current share price DMH88.0 Share price relative to the DAX Index 125

maker, was one of the top stock market performers in Germany last year, with a market capitalisation higher than that of Lufthansa and Volkswagen. However. SAP's shares have fallen 15 per cent since the beginning of the

Mr Peter Thilo Hasler, an analyst at Vereinsbank Research, said: "This is not even the end of the correction. From a chartist's point of view, the shares are catastrophic. SAP is of course a solid company, but is essentially a world's fifth largest software one-product company, a prod-

Share price relative to the DAX Index

rental values and land prices. Barclays de Zoete Wedd's

Frankfurt research team

described the Holzmann news

as "shocking". While the com-pany had indicated two

months ago that profits would

be lower because of its project

and road-building business, it had made no hint of a loss.

bert Faust, an equities analyst,

said the announcement of the

1995 net loss of DM360m (\$238m) could also weaken

Holzmann's defence case against the takeover bid by

Hochtief, its German rival. The

news "can hardly be seen as strengthening Holzmann's case

At UBS in Frankfurt, Mr Ing-

105 -

uct that everybody knows."

from Forrester Research, a US consultancy firm, which foremarket would change fundamentally by the end of the decade and that R/3 would be rendered obsolete in its current

held by Commerzbank. How-

ever, the Federal Cartel Office has turned this down and the

matter is with a Berlin court,

after an appeal by Hochtief.

First court hearings are expec-

Yesterday, Hochtief, in

which the RWE utility has a 56

per cent controlling stake, said it still intended to press for amalgamation with Holzmann.

Deutsche Bank holds a further

25.9 per cent of Holzmann, but

Despite last year's DM460m of write-offs and special provi-

sions - mainly on property

development projects - Holz-mann still had a considerable

cash pile, Mr Faust said. It also

This year, he expected Holz-

has equity capital of DM1.7hn

mann's net profits to recover to about DM71m. In 1994, it

earned DM120m. The company

will give further details of its

1995 performance next month. It said the valuation problems

stemmed mainly from Vebau.

its Swiss-owned property devel-

opment subsidiary. These were revealed in a report by audi-tors KPMG Deutsche Treu-hand, commissioned after Holz-mann doubled its Vebau stake

to 100 per cent last year.

ted around November.

has so far been silent

sales of DM1.65bn (\$1.1bn), the single largest constituent in SAP's group turnover of DM2.69bn. Net profits increased 44 per cent to DM405m in 1995. Earlier this month, SAP's

share price was hit by a report cast that the business software

higgest operator in the \$20th worldwide renal care market. Gambro, which was one at the first equipment producers to move into clinics, said the acquisition of 16 clinics run by AOSC would boost its patient list in the US by 20 per cent, or

1,150 patients, generating some \$40m in annual turuover. It paid cash to Dr Law-rence Spira, the sole owner of AOSC AOSC's clinics will be combined with the operations of Holzmann loss shocks market

REN Corporation, a leading US dialysis chain which Gambro took full control of last year. In 1995, Gambro's healthcare services division had turnover of SKr1.45bn (\$215m) out of Hochtief owns 24.9 per cent of the company and hopes to total group turnover of SKr10.2bn. Gambro intends to acquire a further 10 per cent increase its service operations to up to 25 per cent of group

Mr Berthold Lindqvist, Gambro chief executive, said the AOSC purchase would have a positive effect on group earnings in the first year. Group pre-tax profits reached SKrl.27bn last year. He said the AOSC clinics achieved operating margins of up to 20 per cent and there would be synergy gains from combining laboratory services and from

product supply opportunities.

Gambro said it was restruction uring in the US to group all its dialysis operations, including equipment manufacture and dialysis clinics, into one integrated division in a move which echoed the creation of

Fresenius Medical Care. The AOSC acquisition is the first significant step taken by Gambro since it was fully taken over this year by Incentive, one of the Wallenberg empire's main holding compa-nies. Mr Mikael Lilius, Incentive chief executive, said Incentive fully backed Gambro's growth plans, which Mr Lindqvist said included plans for further acquisitions in the service sector. "We certainly want to be bigger," he said.

LEGAL **NOTICES**

CENTERCORE (UK) LIMITED NOTICE IS HERBEY GIVEN, that the

Creditors of the acove regrets company our required on or before the 8th day of May 1896 to send their names and addresses and particitors of their debts or claims and the names and activesses of their societies (if any) to David John Pallan, of Becket House, 1 Lambeth Pulses Road, London SE1 7EU the Liquidator of the said company, and, if so required by notice in writing from the said Liquidator, by their scholarst or personally, to come in and prove their said debts or claims at such fine and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made Sefore such debts are

Desert this 29th day of March 1996 D J Pallen Uquidator

for independence".

Reports of the undermentioned companies for the quarter ended 31 March 1996 were released to the relevant Stock Exchanges yesterday and have been published in the press in South Africa today:

Deelkraal Gold Mining Company Limited Driefontein Consolidated Limited Kloof Gold Mining Company Limited Gold Fields Coal Limited Northam Platinum Limited

Copies of the reports will be posted to all shareholders of the companies, but are also available to the public from the London Secretaries, Gold Fields Corporate Services Limited, Greencoat House, Francis Street, London SWIP 1DH.

COMPANIES AND FINANCE: ASIA-PACIFIC/INTERNATIONAL

NEWS DIGEST

Capital expenditure slips at Gold Fields

Gold Fields, the most troubled of South Africa's gold mining houses, reported a modest increase in operating profits for the March quarter, but this was not enough to finance an increase in capital expenditure at its ailing mines. After tax profit was R297.9m (\$70.7m), compared with R268.1m in the previous

Analysts said higher capital expenditure - which fell from R218m to R195m, after reductions at all three of the group's mines - was vital to prolonging the working lives of the

Higher bullion prices were reflected in an average gold price received of R47,945/kg against R45,202 in the previous quarter. However, production for the period, which runs from December 18, was disrupted by the Christmas break and tons milled declined to 2.63m from 2.81m.

Mark Ashurst, Johannesburg

BHP-Vietnam talks continue

Broken Hill Proprietary, the Australian energy and minerals group, was yesterday still locked in talks with Vietnamese state oil agency PetroVietnam about the future of its stake in the offshore Dai Hung oilfield. It has now missed a deadline for a decision on whether to pull out. The Australian company wants the terms of its revenue-sharing contract with PetroVietnam altered to reflect dramatically lower than expected reserves at the field, which was once considered

Production has dropped to about 12,000 b/d from 35,000 b/d since the field started producing crude oil in October 1994. BHP is understood to be looking for a change in the tax structure in the contract it signed with the Vietnamese in 1993, in order to enhance the financial returns.

Melbourne-based BHP has a stake of around 44 per cent stake in the field, with the rest held by PetroVietnam, Total of France, Malaysia's state-owned Petronas and Sumitomo Corp

Jakarta SE board ousted

Shareholders at the Jakarta Stock Exchange have ended months of bitter political warring between the exchange and Indonesia's capital markets supervisory board by electing a new board of directors with a strong technical background. Market participants hope the move will spur the process of modernising the exchange's trading activities.

Mr Cyril Noerhadi, the former director of the exchange's clearing desk, has been elected president-director. He heads a team which includes two of the exchange's current directors, Mr Felia Salim and Mr Mas Achmad Daniri, as well as Mr Edwin Stamboel, a director of a local securities house.

The elections caused controversy because the previous board of directors was voted in only a year ago. Bapepam, the capital markets supervisory board, has also been accused of calling the elections to get rid of directors it did not agree with, although the supervisory board insists the elections were necessary to conform with new capital market laws.

Coles executive's role expanded

Mr Dennis Eck, the US retail executive brought in two years ago to run the supermarket operations of Coles Myer. Australia's biggest stores group, was yesterday given responsibility for Coles' entire retail operation. Mr Eck, who moved to Coles from California-based Vons Supermarkets, will also join the Coles Myer board, which was revamped last year in the wake of concerns over corporate governance standards within the group.

Coles has seen a number of top-level departures recently.

Among the long-standing Coles executives who departed were

Mr Peter Wilkinson, head of the department store group and the newly-formed "options shopping" division, and Mr Bob Dalziel, who ran Coles' discount stores unit.

Nikki Tait. Sudner

GMK behind after nine months

Gold Mines of Kalgoorlie, one of the Australian mining companies in Mr Robert Champion de Crespigny's Normandy stable, yesterday reported an improved A\$10.7m (US\$8.5m) profit after tax (but before abnormals) for the three months to

However, this still leaves net profits for the first nine months of the financial year at A\$18.9m, almost half the A\$35.4m seen in the same period a year ago. GMK said the March quarter saw gold sales of 111,570 ounces, at an average d price of A\$610 an ounce, with operating costs falling from A\$460 an ounce in the previous quarter to A\$415. The December quarter was affected by disruptions to activity at

Seven Network purchase cleared

Shareholders in Seven Network, the Australian television commercial network, yesterday approved the purchase of the privately-owned Golden West Network from Mr Kerry Stokes, the Perth-based media entrepreneur, for around A\$70m. Mr Stokes already owns about 20 per cent of Seven. Golden West is the only TV broadcaster in Western Australia. Nikki Tait

Telstra to take ISSC stake

Telstra, Australia's large government-owned telecommunications group, is to take a minority stake in ISSC Australia, the information technology joint venture set up Australia, the information technology point between IBM Australia and Lend Lease two years ago.

Nikki Tait

China studies UK telecoms proposal

niBy Tony Walker in Beijing and ¿John Ridding in Hong Kong

The Chinese government is assessing British Telecom's planned £34bn (\$51.3bn) merger with Cable and Wireless, which owns

57.5 per cent of Hongkong Telecom. An official of China's ministry of post and telecommunications said yesterday the government could not indicate its stance at this

He said earlier comments by spokesman for the ministry, in which he appeared cool on the merger, were "his own view" and did not necessarily

reflect Beijing's position.
Beijing's blessing for the marger, either conveyed explicitly or implicitly, will be critical because of the importance of Hongkong Telecom to the

"We are still in the process

not sure what the attitude of State Council [cabinet] will

be," the official said. His comments came just a few days after a visit to Beijing by a high level British Telecom team led by Mr Alan Rudge, its deputy chief executive. Mr Rudge's discussions with senior Chinese ministry representatives are understood to have been "encouraging".

Hongkong Telecom is polsed to play an increasing role in mainland telecommunications after China's takeover of the colony in mid-1997. British Telecom would regard Hongkong Telecom's entry into the lucrative China market as a valuable element of the merged

Hongkong Telecom would also provide a platform for expanded services throughout the Asian region. China does not currently permit foreign to become operators of mainland communications networks. However, it has not ruled out such a possibility in

Higher costs drag Tsingtao to surprise 9.6% fall

Tsingtao Brewery, the first China enterprise to obtain a listing on the Hong Kong stock , away from competing foreign exchange, yesterday reported a 9.59 per cent decline in net profits, from Yn108.16m in 1994 to Yn98m (\$11.8m) last year. The result fell sharply below market expectations of around

With production and sales growing strongly, the company blamed the fall in earnings to squeezed profit margins: the

cost of raw and perishable materials increased significantly during the year. Also, attempts to lure beer drinkers brands meant the company spent a larger portion of profits on marketing. Tsingtao said its operating costs were almost Yn100m higher than the previ-

Shareholders, who have witnessed a number of disappointments since the initial public offering was 111 times oversubscribed in July 1993, are to Yn0.08 compared with Yn0.09 in 1994.

ter's, Carisberg and San Miguel have poured into the mainland market in the past two years and, despite commanding a price premium of 50 to 60 per cent over Tsingtao, have the back of their perceived prestige. Tsingtao, the bestknown domestic beer brand, has a market share of only 2.5

Foreign brands such as Fosattracted a strong following on

tered, partly because of the strong presence of brands like Tiger and Foster's in their respective home markets. At the time of its listing, Tsingtao stressed its export potential as a useful stream of foreign exchange - but one analyst calculates only around 5 per cent of its overall output is

^aThey are making a painful adjustment to increased competition," he said. "Tsingtao is

the savvy players from the west. But I think in time they will be able to adjust to the environment and dance better

Tsingtao is also thought to be burdened with under-performing acquisitions. Poor transportation in China makes it difficult to create a pational brand, and Tsingtao has sought to buy up breweries throughout the country to improve its distribution. Yangzhaou Brewery in Jiangsu

Tsingtao's own efforts to win not too good at competing with province, north of Shanghai, drinkers abroad have also falthe savvy players from the was bought in 1994 and is reckoned to be still making losses. Mr Liu De Yuan, chairman said the group also had plans to build a brewery with an initial annual production capacity of 100,000 tonnes in Shenzhen across the border from Hone Kong. Late last year it invested Yn82.5m in a joint venture in <u>Xian</u> which now produces 60,000 tonnes a year.

Earnings per share fell 9.17 per cent from Yn0.12 in 1994 to Yn0.109 last year.

Consumer growth drives surge at SM Prime

per cent, according to analysts.

By Edward Luce in Manila

SM Prime, the Philippines' largest shopping mall company, lifted net income by 49 per cent to 1.51bn pesos (\$57.6m) in 1995, on the back of rapid growth in the national retail market.

The company, which was listed on the Philippines stock exchange in 1994 but remains majority-owned by Mr Henry Sy, a leading Chinese-Filipino husinessman, said revenues rose 24 per cent to 3.08bn pesos

growth in retail and personal consumption expenditure in 1995, and the rise in rentals charged to lessees in the company's five malls, contributed to the earnings surge.

Analysts say the company's plans to build another four malls in provincial capitals by 1998 - adding more than 400,000 sq m of retail space to its existing 1.1m sq m - would add 40 to 60 per cent to incre-

SM Prime, which owns the

Megamall, in Manila, at 331,000 sq m - recently unveiled plans to construct the "Mall of Asia" in Manila which, at 500,000 sq m, would overtake Minnesota's Mall of America to become the largest in the world. The mall will be built at a cost of 5bn pesos.

"SM is becoming very popular with foreign portfolio investors because it is such a pure play," said Mr Lucio Soso, chief researcher at All Asia Capital in Manila. "As a shopping mall outfit it is easy to follow and is benefiting from the growth in retail spending. But its shares are pretty expensive in comparison with other

At a price/earnings ratio of 43. SM Prime's shares are more than twice as expensive as the average p/e on the Philippine exchange. But the shares, which closed slightly down yesterday at 7.8 pesos, are trading at a 4 per cent discount to

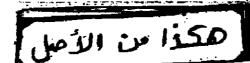
Analysis say the country's expressed interest.

for a shake-out over the next two years if Congress - as expected - opens up the sector to 100 per can kneign owner-ship later this year. SM Prime, which has a 35

per cent share of Manila's mall market, is expected to benefit vided by the entry of foreign department stores. Several companies, including Makro, of the Netherlands, and Marks and Spencer, of the UK, have







COMPANIES AND FINANCE: THE AMERICAS

Chase surprises with 13% rise in revenues

By Richard Waters in New York

Chase Manhattan and Chemical Banking capped their recent merger with a 13 per cent jump in revenues in the first quarter of this year, a performance which outstripped analysts' expectations.

The sharp rise, on the back of higher trading revenues. comes at a time when the prospect of slow growth has prompted a spate of mergers among big US banks, including that of the two New York

Other banks to register double-digit revenue growth in the latest period include Citicorp, the second-largest US bank, with a 10 per cent rise to \$5.1bn; BancOne, which saw revenues climb 13 per cent to \$1.7bn; and Wells Fargo, whose revenues rose 14 per cent to

The comparisons are with a weak first quarter in 1995, when the big money centre

banks suffered declines in trading revenues, and, in the case of BancOne, reflect the results of system of of BancOne, reflect the results of an acquisition.

The new Chase's tradingrelated income climbed from \$148m a year ago to \$487m. Fees from corporate finance of \$224m, from trust and investment management of \$285m and from credit cards of \$233m. also rose strongly, leading to a 20 per cent increase in total non-interest income, to \$1.87bn

Net interest income rose 4 per cent to \$1.92bn With costs up only 2 per cent from a year before, the higher

Chase Manhattan

Citicorp

BancOne

First Interstate

US BANKS - FIRST QUARTER

650

829 303

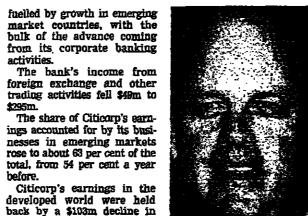
A \$1.7bn restructuring charge forced the bank into a activities. loss. However, at 32 cents a share, this was considerably less than the stock market had

Mr Walter Shipley, Chase's chairman, said the results reflected a "solid, balanced performance" across the range of the group's businesses, and put it "firmly on track" to meet the performance targets it had announced earlier.

Earnings at Citicorp, meanwhile, continued to be

trading and venture capital gains, and by higher chargeoffs in its US credit cards In line with other big card issuers, Citicorp reported a 1996 0.321sharp rise in both revenues and credit costs from its card 0.77 activities. Credit costs world-wide rose to \$547m, up from \$170m a year before, leaving

before.



Walter Shipley: Chase on track to meet performance targets

Helped by continuing share repurchases, which totalled \$720m in the period, the bank projections.

registered a 14 per cent

advance in earnings per share on net income which was up 10 per cent. The results were broadly in line with analysts

climbed 22 per cent to \$116m in the period. Mr Arthur Levinson, chief tive on many stocks in the secexecutive, said the high tor yesterday. Paper compames' shares fell sharply in the second half of last year when investors realised the rapid research and development spending was likely to con-tinue "for the short term", as rise in paper prices was end-ing. However, the sector has the company ploughs "close to half" its revenues back into development spending.

The latest results reflected a weeks as analysts suggested shares looked good value at lower levels and that an inven-

new arrangement with Roche under which the Swiss group will take over the sales of some Genentech products, in return for higher royalty and other

year from a switch to cyclical stocks on expectations of an acceleration in economic Sprint rings up 39% advance in first quarter growth. Mr John Creighton, president and chief executive offident and emer executive out-cer of Weyerhaeuser, said the first quarter was affected by "rapidly declining prices for most pulp, paper and packag-ing products and significantly lower wood products prices". He blamed the falling prices minutes of use rose 10 per cent. Cellular customers increased

on customers using their own stocks rather than placing new orders.
Operating earnings from the timberlands and wood products division fell from \$241m to \$152m, while those from pulp, paper and packaging dropped from \$208m to \$162m.

US paper

in profits

shares jump

despite falls

By Maggie Urry in New York

US paper companies' shares jumped yesterday as analysts took a more positive view of

the sector despite further news of falling earnings, this time from Weyerhaeuser, the inte-

grated forest products group.

Weyerhaeuser announced a drop in first-quarter earnings

from \$207m to \$142m and

warned that second-quarter profits would also fall. Earn-

ings per share fell from \$1 to 72 cents. The results followed

lower first-quarter profits

from other large paper groups last week, such as Georgia-Pacific, International Paper,

Champion International and

In morning trading, Weyer-haeuser shares rose \$1% to

\$48%, while Georgia-Pacific

was up \$3% to \$75%, Interna-tional Paper rose \$1% to \$41%, Boise Cascade gained \$2% to \$45% and Champion Interna-

tional added \$3 to \$50. Analysts at PaineWebber

and Merrill Lynch turned posi-

begun to recover in recent

tory correction by customers

was nearing an end. Paper

stocks have also benefited this

Boise Cascade.

Bank of Montreal in US expansion

Bank of Montreal, Canada's third largest bank, is expanding its retail banking presence in the US through its wholly-owned Chicago subsidiary. Harris Bank, in a deal worth US\$277m.

Harris plans to buy 54 Chicago area branches of Household Bank, a unit of the big Household International financial services and credit card group. The branches have deposits of \$2.9bn and loans of \$300m.

It is the second expansion by Harris in two years - in 1994 it bought Bancorp, also in the Chicago area. With the Household branches, Harris Bank's network will rise from 42 in 1993

Mr Matthew Barrett, chairman of Bank of Montreal, said Harris would continue to add four or five branches a year and may seek other opportunities in the Chicago area. The bank would also weigh expansion elsewhere in the US if the right opportunity occurs. "Our objective is to provide one-stop financial services throughout the Nafta area," he added.

Last month Bank of Montreal bought 16 per cent of Bancomer, Mexico's second-biggest bank, for \$458m. Harris Bank posted record first-quarter net profit of \$43.6m, up 15 per cent from a year earlier, with strong loan growth, tight cost control and a \$2.4m special gain. Annualised return on equity was 15.2 per cent against 13.6 per cent.

Caterpillar slips to \$296m

Caterpillar, the US agricultural machine company, announced net income for the first quarter down from \$300m to \$296m, on revenues reduced from \$3.9bn to \$3.8bn. However, earnings per share rose from \$1.50 to \$1.58 as a result of a share buy-back programme. Domestic sales fell 5 per cent to \$1.88bn and sales outside the US were flat at \$1.8bn, as improved prices offset

Worldwide industry demand for machines is expected to remain near 1995 levels as lower demand in North America is nearly offset by stronger demand elsewhere, the company said. But worldwide demand for engines is likely to declino, as a forecast drop in the North American industry is not expected to be fully offset by growth in the rest of the world, the group added.

Agencies, Illinois

Cott suspends dividend

Cott, the Canada-based international private-label soft drinks producer, has suspended its quarterly dividend of 2.5 cents a share until "reasonable profitability" returns.

The fourth-quarter loss was C\$44.6m (US\$32.9m), or 74 cents a share, after C\$29.2m restructuring charges, against a profit of C\$701,000, or 1 cent, a year earlier. Sales were C\$282m, up 4 per cent. For the year ended January 27, the loss was C\$29.4m, or 49 cents, against a profit of C\$31.8m, or 57 cents. Sales were up 20 per cent to C\$1.8bn. Robert Gibbert Robert Gibbens

Inco posts \$63m for first term

Inco, of Canada, the world's largest nickel producer which recently won control of the Voisey's Bay nickel deposit in Lebrador, announced first-quarter net earnings of \$63m, against \$68m last time. Earnings per share fell from 57 cents to 49 cents on flat revenues of \$879m.

Results for 1995 were restated to include an after-tax charge of about \$4m, or 3 cents a share, to reflect the adoption of accrual accounting for healthcare and life assurance benefits. Revenues reflected lower nickel and copper prices, the company said, partially offset by higher deliveries of cobalt

Johnson & Johnson and Pfizer show growth

By Richard Waters

Johnson & Johnson and Pfizer reported revenue increases of 19 per cent and 15 per cent respectively for the first three months of the year, thanks largely to a jump in sales of recently introduced pharmaceutical products.

The growth fuelled a 21 percent advance in net income at

Johnson & Johnson to \$790m. or \$1.19 a share, putting it comfortably ahead of market expectations.

Pfizer's after-tax earnings

By Tony Jackson in New York

Sprint, the US long-distance phone company which has

formed an alliance with France

Telecom and Deutsche Tele-

kom of Germany, increased

first-quarter earnings 39 per

cent to \$312m, on revenues up

Earnings per share, diluted

by the issue of shares to the

company's French and German

partners, rose 22 per cent to 78

VA Technologie AG - Austria's largest

integrated engineering group - is active in

Metallurgical Engineering, Energy and Envi-

ronmental Engineering and Construction. Engineering and Services. About 55% of its

shares are floated on the Vienna Stock

Exchange. The VA Technologie Group operates globally with more than 60% of

In 1995 VA Technologie AG continued its

growth course and improved its worldwide

position as a technology based system

supplier with core component competences

Compared to the year 1994 the main fig-

· Results from ordinary activities increas-

· Due to the project completion method

turnover was 6% lower than in 1994

The Group Area Metallurgical Engineering

reported strong growth and has well estab-

lished itself in the growing markets of Asia

with new technologies, like the COREX®-

process for production of hot metal. For

the recently developed FINMET-technology

for producing sponge iron, the first order was received in 1995. The Metallurgical

Engineering Area accounted for approx.

27% of total order intake in the year 1995.

The Group Area Energy and Environmental

Engineering, which grew by 100% during

the period from 1991 to 1994 (order in-

take), reported a rise in ordinary profits by

approx. 20%. Order intake was marginally

lower than in 1994. The Group Area

The Group Area Construction, Engineering

and Services improved its market position

in Western Europe and accounted for

The managing board and the supervisory

board of VA Technolgie AG propose a

dividend payment of 24% per share plus a

bonus payment of 4% per share for 1995.

In 1996 VA Technologie AG will continue

internationalisation in key markets. Inten-

sive cooperation of the Group's companies

within the networking concept will create

new business potentials. In the current year

all three Group areas will show growth in

approx. 32% of total order intake.

Dividend payment

Business Outlook

accounted for about 41% of order intake.

turnover being international.

and services.

ures are as follows:

ed by 13%

Net profit up 37%

Order backlog up 22%

· Order intake grew by 10% • 27% of orders from Far East

10 per cent at \$3.4bn.

rose 23 per cent to \$517m. or 81 cents a share.

Johnson & Johnson's pharmaceutical sales climbed 19 per cent during the opening three months of the year, to \$1.8bn, driven by a 31 per cent advance in sales in the US.

The healthcare group's professional products division. meanwhile, registered a 24 per cent increase in sales to \$2bn, thanks in part to its acquisition of Cordis earlier this year. Revenues from consumer prod-ucts climbed 13 per cent to

Growth was strongest in

long-distance telephony, with

revenues up 14 per cent to \$2bn

and operating income up 47 per cent to \$226m. Sprint said the increase in long-distance min-

utes of use, at 17.3 per cent,

was the biggest it had experi-

rose 23 per cent to \$332m on

revenues up 9 per cent at

\$1.2hn. Customer access lines

Sprint said capital expendi-

KEY FIGURES

Order intake added

Order backlog added

Cash Flow from the net profit?

investments in tangible and intangible

Dividend per share)

Employees (sverage for yeer)

Turnover plus changes in inventory) 30,927

Profit from ordinary activities? 1,270

Product and process innovation 1,102

Income from local telephony

enced since the 1980s.

rose 5 per cent to 6.8m.

By holding down the growth in its selling, marketing and administrative expenses to 16 per cent, Johnson & Johnson managed to lift its pre-tax profit margin to 21.1 per cent, from 20.5 per cent the year

Pfizer, meanwhile, continued to display powerful growth from a small batch of new drugs, lifting its revenues in the first quarter to \$2.7bm Leading the increase were a 46 per cent rise in sales of Nor-

\$388m; a 34 per cent advance

ture on its local network in the

quarter had totalled \$328m,

compared with \$143m in

long-distance, and would

account for about \$1.1bn of a

projected group total of \$2.1bn

Global One, the Franco-

German venture, began opera-

tion on February 1 and in the

next two months had revenues

of a little over \$100m. Sprint's

share of its losses came to

\$15m before tax, or 2 cents net

VA Technologie A6

Annual Report

1995 1994

35.798

27,181

1.126

2,069

Key VATECH financial data is now

available on diskette. If you are interested

in receiving the diskette, our report 1995,

further information or an invitation to our

shareholder events, please contact:

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Fax + 43/732 - 6980 - 3416

VA Technologie AG

57,003 +22

27,897 - 6

+10-

414

+13.

+37

. . . - 17

~ +17 ·

+ 8

590 ... 412

+ 9

in million ATS

39.370

69,723

26.085

680

1,667

in ATS

for the year.

. per share. :

to \$317m; and a 53 per cent increase in sales of Zithromax, a treatment for herpes, to · Genentech, the US biotech-

for Zoloft, an anti-depressant,

back by a \$103m decline in

net income from the business

unchanged at \$265m.

nology company controlled by Roche of Switzerland, reported a 12 per cent fall in net income for the first quarter of the year. Its after-tax profits slipped to \$38.2m. or 31 cents a share, as revenues edged up 2 per cent to \$243m.

The decline stemmed in part vasc, a cardiovascular drug, to from an increase in research and development costs, which

> Sprint Spectrum, the wire- rose 5 per cent to 19.3m, while less partnership set up with a group of US cable companies, incurred a pre-tax loss of \$17m 43 per cent to more than 2m. in the quarter, or a net 3 cents • GTE, the nationwide local

> hone company, increased Sprint's existing cellular first-quarter earnings 11 per operations were spun off to cent to \$606m, or 62 cents a shareholders in early March. share. Revenues were up 6 per • Ameritech, the Chicagocent at \$5bn. Access lines based regional phone company, increased 7 per cent to 18.8m raised first-quarter earnings 14 and minutes of use rose 10 per per cent to \$478m, or 86 cents a cent. Cellular subscribers share, on revenues up 13 per worldwide rose 29 per cent to cent at \$3.6bn. Access lines 3.7m.



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Composite Index

and criteria.

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investment banks, securities house,

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FIDELITY DISCOVERY FUND Société d'Investissement à Capital Variable

Registered office: Kansallis House - Place de l'Étoile R.C. No B 22250

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting of Shareholders of Fidelity Discovery Fund (the "Fund") will be held at the registered office of the Fund in Luxembourg on Thursday, April 25, 1996 at 2,00 pm to consider the following agenda:

To hear the report of the auditor to the liquidation.
 To approve the report of the liquidator and of the auditor to the

To grant discharge to the liquidator and to the auditor to the

4. To grant discharge to the Directors in office at the date of

liquidation.

5. To resolve the close of the liquidation of the Fund.

6. To resolve to keep the records and books of the Fund for a time of 5 years at the registered office of the Fund.

7. To note that proceeds which have not been distributed will be transferred to the Caisse des Consignations to be held for the benefit the persons entitled thereto.

Since the net assets of the Fund have decreased below two thirds of the equivalent of 50,000,000 Luxembourg francs, no quorum is required for the meeting and the resolutions will be passed with the coasent of a simple majority of the shares represented at the

Sobject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

BY ORDER OF THE BOARD OF DIRECTORS



US\$150,000,000 **(2)** Espírito Santo Financial Holding S.A.

Floating Rate Notes due 2000 Notice is hereby given that for the three month period from April 17, 1996 to July 17, 1996 to He Nobe will carry an interest rate of 8% per arrayon. The interest amount payable on the historical payable of the historical paya Interest payment date, July 17, 1896 will be US\$151,57 for Notes in

By: The Chapt Manhattan Bank, N.A. Landon, Agent Book April 17, 1996

BANQUE SOFINCO FRF 1.890 .201.880 Floating Rate Mates doe 1998

Notice is hereby given that the rate of interest for the period from April 17th, 1996 to July 17th, 1996 has been fixed at 4.15625 per cent, per armum. The unt due for this period is FRF denomination of FRF 10,000 coupon amount out for this period is FFF-105.06 per denomination of FRF 10,000 and FRF 1,050.61 per denomination of FRF 100,000 and is payable on the interest payment date July 17th, 1996.

DND | The Recal Agent Bacque Mationale de (Lossenboerg) S.A. ie de Park This advertisement is issued in compliance with the requirements of the London Stock Exchange Limited (the "London Stock Exchange"). It does not constitute an offer or invitation to the public to subscribe for or purchase any shares or warrants. Application has been made to the London Stock Exchange for all the shares of USSZ each and warrants of Templeton Central and Eastern European Investment Company issued and to be issued pursuant to the Piscing to be admitted to the Official List, it is expected that listing will become effective and that dealings in the shares and warrants as a unit will commence on Monday 22 April 1996, SSC Warburg is acting as the listing sponsor.

TEMPLETON CENTRAL AND EASTERN **EUROPEAN INVESTMENT COMPANY**

(a société d'investissement à capital fine incorporated with limited liability in, and under the law of, the Grand Duchy of Luxembourg RC number 8 54 317)

by

Placing of up to 7 million units (each unit consisting of five shares with one warrant attached) at US\$25 per unit

SBCWarburg

Nomura Securities

Application has been made for listing of up to 35,000,000 shares and 7,000,000 warrants. Templeton Central and Eastern European Investment Company's investment objective is to achieve long term capital growth by Investing principally in the Piscing and containing details of Central and Eastern European Issuers. Copies of the Listing Particulars relating to during normal business hours on any day (Saturdays and public holidays excepted) from the date of this notice up to and including 1 May 1996 from—

SBC Warburg 1 Finsbury Avenue London ECSM 2PP

Nomura International pic Nomura House 1 St. Mortin's to-Grand

Copies of the Listing Particulars are also available during normal business hours for collection only from the Company Announcements Office, the London Stock Exchange, London Stock Exchange Tower, Capel Court entrance, off

Montreal

\pansion"

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mate while he fing

Architects of value

This week I became Chairman of the Board of Bankers Trust, an extraordinary institution on the forefront of global finance. I take on this responsibility with great enthusiasm about the opportunities before us and confidence that we will become an even stronger and more successful firm in the years ahead. And all of us at Bankers Trust thank Charlie Sanford, on the occasion of his retirement, for his years of truly exceptional leadership of the firm.

This seems an appropriate time to offer some comment about the character and future of the firm to our clients, shareholders, and our colleagues worldwide.

At Bankers Trust, we combine extensive global resources with a true spirit of innovation, to build value for our clients. We strive to work with these "building materials" in the same collaborative, performance-oriented way that the best architects bring elements of design and construction to their work with their clients.

In this sense, the people of Bankers Trust are architects of value.

We endeavor to work together with our clients to analyze their financial needs and opportunities, using our considerable global resources in the broadest context. And we use innovation — harnessed and focused as a responsible problem solving tool — for the benefit of our clients. No one in the world does this better than Bankers Trust.

Over the years, Bankers Trust has assembled some of the most talented and creative people in finance into what is today an outstanding global organisation. Our resources have been designed and built based on a truly global strategy, enabling the firm to provide financial services at the highest level, worldwide, for the most demanding clients.

Although I've been here only a relatively short time, it's become clear to me that our people are among the most intelligent, innovative, diverse, and entrepreneurial in the business world.

Well capitalised, with a balanced set of businesses, the firm has a solid foundation for the future — and anticipating the future and preparing to deal with it innovatively is one of the things that Bankers Trust does best.

At its heart, I've found the Bankers Trust culture to represent the highest professionalism, and its abilities to be of the highest order. We have great strength at global finance. We excel at investment management, private banking, and processing services. We have worldwide expertise in trading and sales for clients and for our own accounts. And we are second to none in risk management. But we know that these capabilities are meaningful only as they are applied in the service of our clients.

I thank our many clients all around the world for the opportunity to develop ideas together and make them work. All of us at Bankers Trust look forward to working with you, and with new clients, on ways to build value together in the months and years ahead.

--Frank N. Newman Chairman Chief Executive Officer

≜ Bankers Trust

Strong cigarette sales lift Philip Morris

By Richard Tomkins In New York

The growing popularity overseas of American-style cig-arettes helped Philip Morris, the biggest US tobacco company, increase net income by 15 per cent to \$1.6bm in the first quarter, excluding the effects of accounting changes. Earnings per share, boosted by the company's extensive stock buy-back programme, increased 18 per cent to \$1.89. just beating analysts' consensus forecast of \$1.88.

sold 176bn cigarettes in the first quarter, 13 per cent more than a year earlier, and the division's operating profits rose 17 per cent to \$1.1bn. Cigarette volume rose in

most big markets, but it was particularly strong in eastern Europe, where volume climbed 51 per cent on the strength of international brands such as Marlboro, L&M, Bond Street and Chesterfield, and local brands such as Kazakhstan. Volumes in central Europe

were also up strongly, helped by Philip Morris's acquisition of a controlling interest in ZPT-Krakow, Poland's largest cigarette company, during the

Philip Morris's domestic tobacco business also did well. Against a continuing downward trend in US consumption averaging between 1 per cent and 2 per cent a year, Philip Morris increased shipments by 7 per cent to a record 54bn cigarettes. Operating profits rose 11 per cent to \$971m. In part, the increase in ship-

ments reflected a lumpy order flow from wholesalers. But the

company's share of retail sales

also rose to a record 48.7 per

cent, and its flagship Marlboro brand increased its market share by 1.8 percentage points to a record 32.4 per cent. Kraft Foods, Philip Morris's

domestic food business, was another strong performer. Excluding divestments, operating profits rose 7 per cent to 2685m, helped by strong volume gains across most lines. However, the Post breakfast cereal division saw volume declines because of higher pro-motional spending by market leaders and continued pressure

On Monday, Philip Morris

its breakfast cereal prices to increase volume and win back market share, bringing comparisons with a similar move it made three years ago to restore the market share of Mariboro and its other pre-

mium cigarette brands. The weakest of the four big divisions was international food, which saw flat operating profits of \$263m. Philip Morris attributed the result to an unusually good quarter last year and increased spending on advertising and promotion.

Eastman Kodak ahead and plans \$2bn stock buy-back

Unexpected strength in consumer products helped Eastman Kodak raise firstquarter net earnings by 5 per cent to \$274m, or 80 cents a share. The company also announced a \$2bn stock buyback programme.

The market had expected earnings of about 75 cents a share, down from 77 cents last year. Combined with the buy-back, the earnings surprise pushed the shares up \$3% to

\$72% in early trading.
US sales in consumer imaging – consisting mostly of film and photographic paper - rose 15 per cent to \$558m, while international sales were up by the same amount to \$897m. Mr Harry Kavetas, chief financial officer, said revenue growth in the division had now exceeded 10 per cent in six of the past seven quarters. "It wasn't so many years ago that people were saying this business was mature or geriatric,"

Earnings from consumer imaging worldwide were up 10



provides value to shareholders

said the fall in margins was due chiefly to higher advertising and sales promotion, particularly on Advantix, the new camera and film system launched earlier this year in conjunction with Japanese

The strength of the consumer business was offset by continued difficulties in commercial imaging, where earnings were down 11 per cent at \$239m. US sales were up only 1 per cent at \$933m, and international sales by 6 per cent to

Kodak said this was due

and loss of market share in commercial graphics, particularly to the printing industry. It also cited pressure on conventional microfiches and microfilms, which are being particularly affected by the switch to digital imaging.

Mr Kavetas said the decline was not caused by difficulties in the photocopying business, which Kodak has suggested

may be for sale. The business de a profit, he said, approximately equal to last year's.

He added: "Td be very surprised if we end up with no change to that business, but what it will be is more uncertain. There may be a remaining Kodak interest, but it is reasonable to expect there will be other investors involved." Mr George Fisher, chairman and chief executive, said the \$2bn stock buy-back, which comes on the heels of an

almost completed programme, showed Kodak's ability to provide value to shareholders while funding

Arco confirms plan to build Rotterdam plant tics - will be completed by the end of 1999. oxide has been growing at about 5 per cent a year, leaving Arco was seeking similar arrangements for the remainthe company's propylene oxide capacity by a further 50,000

By Jenny Luesby

Arco Chemical of the US yesterday confirmed that it would be building a plant in Rotterdam that would increase the world's output of propylene oxide, used to make polyure-

thane, by 9 per cent. The plant, which will produce 285,000 tonnes a year of propylene oxide and 640,000 tonnes a year of its co-product styrene - used in many plas-

Arco would not say how much it expected the plant to cost, but a similar plant, planned as a joint venture between Shell and BASF, is set to cost DM850m (\$562m). Analysts had suggested that

Arco might abandon the Rotterdam investment announced last July, following Shell and

it in short supply, but the market for styrene is already over-supplied. It is not possible to produce propylene oxide with-

out producing styrene. However, Arco said the project had now received board approval. In addition, a European company had agreed to make an equity investment in the plant in return for 30 per The demand for propylene cent of its styrene output.

ing 70 per cent, it said yesterday. It has been estimated that by 1999, the supply of styrene will exceed demand by nearly 3m tonnes a year. This is likely to put the chemical under severe price pressure.

Arco is also expanding its styrene and polypropylene oxide output in the US, with an expansion at its plant in Channelview. Texas. This will lift a plant in Spain.

tonnes a year and styrene by 112,000 tonnes a year, by early

Meanwhile, Dow Chemical is increasing its propylene oxide output in the Americas and Europe, Shell and Mitsubishi are planning a new propylene oxide-styrene plant in Singa-pore, for completion during 1997, and Repsol is considering

ISSUE OF £3,000,000,000

7½% TREASURY STOCK 2006

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER FOR AUCTION ON A BID PRICE BASIS ON 24 APRIL 1996

PAYABLE IN FULL WITH APPLICATION

With a competitive bid

Price bid plus accrued interest £102 per £100 nominal of Stock

This Stock will, on issue, be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the London Stock Exchange for the Stock to be admissed to the Official List on 25 April 1996.

I. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids

2. The principal of and interest on the Stock will be a charge on the National Leons Pand, with recourse to the Consolidated Pand of the United Kingdom.

3. The Stock will be repaid at par on 7 December 2006.

Stock issued under this prospector will reak in all respects per passu, and will be ediately fungible, with the existing Stock and will be amalgamated with the immediately tengible, with the existing Stock and will be smalghmated with the existing Stock in the Central Gilts Office (CGO) on issue and on the register on registersion. Consequently, the price payable for the Stock will include an amount equal to accrued interest from 7 December 1995, the last interest payment date of the Stock, until seriement on 25 April 1996 at the rate of £2.87672 per £100 nominal of

5. The Stock will be registered at the Bank of England or at the Bank of byland. Belfast, and will be transferable, in multiples of one penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Stock registered at the Bank of England held for the account of members of the CGO Service will also be transferable, in y exempt transfer in accordance with the Stock Transfer Act ordinate legislation. Transfers will be free of stamp dary. les of one penny, by exempt tran will be sent by post. This further issue of the Stock will rank for the full six months'

8. The Stock may be held on the National Savings Stock Register.

8. The Stock and the interest payable thereon will be exempt from all United Kingdom taxation, present or future, so long as it is shown that the Stock is in the

9. Further, the interest payable on the Stock will be exempt from United Kingdom income tax, present or feture, so long as it is shown that the Stock is in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom of Great Desiries and Manther Charles.

ions for exemption from United Kingdom income tax should be made in such form as may be required by the Commissioners of Inland Revenue. The appropriate forms may be obtained from the Inland Revenue, Financial Intermediaries and Claims Office, Fitz Roy House, PO Box 46, Nottingham, NC2 1BD.

12. These exemptions will not entitle a person to claim repayment of tax deducted from interest culess the claim to such repayment is made within the time limit provided.

5 for such claims under income tax law; under the provisions of the Taxes Management Act 1970. Section 43 11, by method elien will be considerable this rise. But it is the contribution of t

Act 1970. Section 43 (1), no such claim will be conside this time limit if it is made within sex years from the date on which the interest is payable. In addition, these exemptions will not apply so as to exclude the interest from any computation for secution purposes of the profits of any trade or business carried on in the United Kingdom. Moreover, the allowance of the exemptions is subject to the provisions of any law, present or feature, of the United Kingdom directed to preventing avoidance of exaction by persons domicaled, resident or ordinarily resident in the United Kingdom, and, in particular, the interest will not be exempt from income tax where, under any mach resident in the Decimal Computer Texture Computer Texture Textur and, in particular, the interest will not be exempt from income tax where, more my such provision, it falls to be treated for the purpose of the income Tax Acts as income of any person resident or ordinarily resident in the United Kingdom.

13. It is intended that, if an official facility for the stripping of gitt-edged securities is introduced, the Stock will be stripped to the terms of that facility. On 10 July

1995 the Chancellor of the Exchequer announced that the Government had decided in principle to introduce such a facility and had also decided that any securities made strippable through any such facility would be exempt from withholding tax and from

FOR CGO MEMBERS ONLY

stock of this issue will be determined at or prior to the commencement of an official strips facility. Accordingly, the availability and terms of the exemptions in paragraphs 8 to 12 above in relation to such stripped securities are subject to modification. Information about other proposed changes in the tax regime for gilt-edged securities is

15. Bids may be made on either a competitive or a non-com-15. But may be made on easier a comparative for a non-competitive basis.

Back application form must comprise either one competitive bid or one non-competitive bid. Gils-edged market makers may bid by telephone to the Bank of England not later than 10.00 am on Wednesday, 24 April 1996.

16. Application forms must be sent to the Bank of England, New Issues, PO Box 444,

er, GLI INP to arrive not later than 10.90 AM ON WED! 24 APRIL 1996; or lodged by hand at the Central Gilts Office, Bank of England, Bank 24 APRIL 1996; or lodged by hand at any of the Branches or Agencies of the Bank of nd not later than 3.30 PM ON TUESDAY, 23 APRIL 1996. Bids will not be revocable between 10.00 am on Wednesday, 24 April 1996 and 10.00 am on Monday,

17. The Bank of England reserves the right to require evidence of the Identity of any applicant for Stock or of any person for whom an applicant is acting as agent. Pallure to provide smitfactory evidence of identity may result in delays in despatch of certificates. In addition if, for whatever reason, such evidence of identity is not provided as soon as is reasonably practicable (in the Bank of England's determination) nin 21 days after the asset ion, the Bank of England may reject the on or cancel the sale of any Stock, and take any other action it may think fit. 18. Cancellation of a sale of Stock for any reason will not affect the non-co

Each competitive bid must be for one amount and at one price, excluding accrued interest, expressed as a multiple of 1/32nd of £1 and must be for a minimum of £500,000 nominal of Stock and for a multiple of Stock as follows:-

Amount of Stock applied for **5260** 1008 CT 1000 800 £1,000,000 or greater

£1,900,000

(ii) Unless the applicant is a member of the CGO Service, PAYMENT IN FULL AT THE PRICE BID PLUS ACCRUED INTEREST AT THE RATE OF \$2.87672 PER £100 NOMINAL OF STOCK maps be made by a CHAPS paym CHAPS payment must be sent to the Sterling Banking Office, Bank of England e "7HTY2006", to arrive not later than 1.30 pm on Thursday, quoting are reservate "7511 2000, to suggest the mast uses 1400 per us a manney, 25 April 1996. CHAPS payments must be debited to an account in the name of the applicant (or an account in the joint sames of the applicant and one or more others) hold with a bank or building society in the UK.

(iii) The Bank of England reserves the right to reject any competitive bid or part of any competitive bid. Competitive bids will be tanked in descending order of price and Stock will be sold to applicants whose competitive bids are at or above the lowest price at which the Bank of England decides that any competitive bid should be accepted (the lowest accepted price). APPLICANTS WHOSE COMPETITIVE BIDS ARE ACCEPTED WILL PURCHASE STOCK AT THE PRICES WHICH THEY BID (PLUS ACCEUED INTEREST): competitive bids which are accepted and which are made at prices above the lowest accepted price will be

satisfied in full; competitive bids which are accepted and which are made at the lowest accepted price may be satisfied in full or in part only. 20. NON-COMPRETITIVE BIDS

A non-competitive bid, other then one made by a gill-edged market maker, must be for not less than £1,000 nominal and not more than £500,000 nominal of Stock, and trust be for a multiple of £1,000 nominal of Stock.

(ii) Only one non-conspective and may be submitted for the benefit of any one person, and each non-competitive application form may compete only one non-competitive bid. Multiple applications or suspected multiple applications are liable to be rejected.

(iii) Unless the applicant is a member of the CGO Service, a separate ch representing PAYMENT AT THE RATE OF £162 FOR EVERY £100 NOBINAL OF STOCK APPLIED FOR must accompany each non-compositive bid; cheques must be drawn on a bank in, and be payable in, the United Kingdon, the Channel Islands or the Isla of Man.

(iv) The Bank of England reserves the right to reject any non-competitive bid. Non-competitive bids which are accepted will be accepted in full at the non-competitive sale price plus accrued interest at the rate of £2.87672 per £100 nominal of Stock. The ton-competitive sale price will be EQUAL TO THE AVERAGE OF THE PRICES AT WHICH COMPETITIVE BIDS HAVE BEEN ACCEPTED, the ROUNDED DOWN TO THE NEAREST MULTIPLE OF 1/32ND OF 5L.

(v) If the non-competitive sale price, plus accrued interest, is less than £102 per £100 consumat of Stock, the balance of the amount paid on applicate by chaque sent by post at the risk of the applicant.

(vi) if the non-competitive sale orice, plus accrued interest, is arester than £102 terbe required to make a further payment equal to the non-competitive sale price, plus accrued interest, less £102 for every £100 nominal of Stock allocated to them. An ant from whom a further payment is required will be notified by letter by the Bank of England of the amount of Stock allocated to him and of the further he amount of Stock so allocated. The despatch of certificates to applic whom a further payment is required will be delayed until such further payment has

(vii)Each eils-edged market maker may hid non-competitively for no to 0.5% of the

21. The Bank of England may sell less than the full amount of the Stock on offer at 22. The Stock will be, and all previous issues of the Stock have been, initially issued at a price such that it will not be a deep discount security for the purposes of Schedule 4 to the Income and Corporation Taxes Act 1988. Further issues of the Stock may be at a deep discount (broadly, a discount exceeding 1/2% per amum) and in ce circumstances this could result in all of the Stock being treated thereafter as a deep discount security. However, it is the intention of Her Majesty's Treasury that further issues of the Stock will be conducted so as to prevent any of the Stock being treated as Il be conducted to a series of the conducted to the conducted to the conducted as a doa deep discount security for United Kingdom tax purposes. Provided the Stock is neither a deep discount security, nor treated as a deep discount security, any discount to the nominal value at which the Stock is issued will not represent anable income for

the account of members of the CGO Service (for whom separate any registration will be in accordance with the instructions given in the application form.

The Bank of England may decline to register Stock unless it has obtained such evidence as it may require of the ideas the applicant may be acting as agent. ine of the identity of the applicant and of any person for who

24. Certificates in respect of the Stock sold (other than amounts held in the CGO 7 Service for the account of members) and the refund of any excess amount paid, may at ction of the Bank of England be withheld until the applicant's cha paid or CRAPS payment received and, where required, antistactory evidence of identity has been received. In the event of such withholding, the applicant will be a notified by letter by the Bank of England of the acceptance of his application and of notation by inter by the locate of England of the acceptance of an application and of the amount of Stock allocated to him, subject in each case to the payment of his chaque or receipt of his CRAPS payment, or to the receipt of satisfactory evidence of identity as appropriate, but such notification will confer no right on the applicant to transfer the Stock so allocated. Certificates will be sear by post at the risk of the applicant. 25. No sale will be made of a less amoust than £1,000 nominal of Stock. If an application is satisfied in part only, the excess amoust paid will, when refunded, be remitted by chaque despetched by post at the risk of the applicant; if an application is rejected the amount paid on application will be returned likewise. Non-payment on presentation of a chaque or non-receipt of a CHAPS payment on the due date in respect

of any Stock sold will render anch Stock liable to forfeiture, interest at a rate equal to the London linear-Bank Offered Rate for seven day deposits in sterling ("LIBOR") plus 1% per summer may, however, he charged on the amount payable in respect of any species for which payable is scorped after the date. Such rate will be determined by the Bank of England by reference to market quotations, on the date date for such payment, for LIBOR obtained from such source or sources as the Bank of England.

sting Section 3 of the application form, request that any of that Service may, by compl tock sold to him be credited direct to his account in the CGO on Thus eday, 25 April 1996 by means of a member-to-mer read Company of the Bank of England, Number 2 Account. Pailors to scorpt very by the deadline for member-to-member deliveries under the rules of the star delivery by the deadline for member-to-member deliveries under the rules of the CGO Service on 25 April 1996 shell for the purposes of this prospectus constitute

default in due payment of the amount payable in respect of the relevant Stock.

27. Application forms and copies of this prospectus may be obtained by post from the Bank of England, New Issues, Southgate House, Southgate Street, Gloscester, GLI Danie of Engiand, New Jases, Sommigan Fronce, Sommigan of Street, Greeneder, Sci. 1UW; at the Central Gibn Office, Benk of England, I Bank Britfings, Princes Street, London, ECZR SEU or at any of the Branches or Agencies of the Bank of England; at

London, EC2R SEU or at any of the Branches or Agencies of the Bank of Enganne; at the Bank of the Hand, Moyne Buildings, let Floor, 20 Cellender Stock, Belfast, BTI 5BN; or at any office of the London Stock Exchange.

28. Attention is drawn to the press, release issued by the Inland Revenue on 28 November 1995, providing details of reform of the trondion of gifts and bonds amounced by the Chancellor of the Exchequer on 10 July 1995, and to the Finance Bill

force the principal changes it makes to the textation of gilts will take effect, for a companies within the change to corporation sax, as from 1 April 1996. Attention is also

Conference Selection :

Altention is drawn to the statement issued by Her Majesty's Treasury on 29 May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her ent nor the Bank of England or their respective servants or agents y's Government nor the Bank of England or their respective servants or agent his to disclose hax changes decided on but not yet sunounced, even where they s on which, or the o is issued or sold by or on behalf of the Covernment or the Bank; that no responsibility can therefore be accepted for any amission to make such disclosure; and that such amission shall beither render say transaction liable to be set aside nor give rise to any

APPLICATION FORM Complete Section 1 or 2, plus Sections 6 and 7. Sections completed where appropriate. TO THE GOVERNOR AND COMPANY OF THE BANK I/We apply in accordance with the terms of the prospector.	OF ENGLAND	REGULATED FINANCIAL INSTITUTIONS ONLY (unless Section 3 applies) Name of Regulator	- 1	REGISTRATE Cock may be registered in the names of AL LETTERS PLEASE	
DWe apply in accordance with the terms of the prospector non-competitive bids dated 16 April 1996 as follows:-	is the example and	Membership/Reference Number	Tide	Forename(s) in full	
FOR COMPETITIVE BIDS ONLY	J		Address	<u>, </u>	
(ie for Stock to be purchased at the price bid, plus accrued See notes (a) and (b) below.	interest)	5 THIS SECTION TO BE COMPLETED BY APPLICANTS ACTING AS AGENT FOR ANY THIRD PARTY			
Nominal amount of 71/1% Treasury Stock 2006 applied for: Amount of Stock applied for Multiple £500,000-£1,000,000 £100,000	£	(unless the applicant is a CGO member or is a UK or EEA regulated fluorical institution, and Section 3 or 4 has been completed) Foll maps and permanent address of each third party. FORENAME(S) AND SURNAME ADDRESS (including postcode)	<u> </u>		
1000,000 or greater 2000,000	1		1		
Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1:	£ 32nds		-		
Plus account interest at the rate of £2.57672 per £100 neurinal of Stock:	£ p 2 87.672	If additional spacing is required, please consinue on separate sheet. 6 THIS SECTION TO BE COMPLETED BY ALL APPLICANTS	Title	Forename(s) in full	
Total amount payable per £100 nominal of Stocks	£ _ p	I'We request that Stock sold to me'as be registered in the undermentioned names and that any certificate be sent by post at my/our risk to the first named holder at the address shown below. IN THE CASE OF A NON-COMPETITIVE APPLICATION (other than one	Address		
Agrount required for payment IN FULL AT THE PRICE BID PLUS ACCRUED INTEREST:	£	made by a gilt-edged market maker) I/we warrant that to my/our knowledge this is the only non-competitive application made for my/our henefit (or for the benefit of the persons on whose behalf I am/we are applying). IN THE CASE OF AN APPLICATION BY A MEMBER OF THE COO			
POR NON-COMPETITIVE BIDS ONLY (se for Stock to be purchased at the non-competitive sale pri- interest, as defined in the prospectus)	ice, plus accrued	SERVICE WHO HAS COMPLETED SECTION 3, we request that any Stock allocated to us be credited direct to our account at the CGO. We hearby irrevocably undertake to accept such Stock by member-to-member delivery through the CGO			
See notes (c) and (d) below.	ļ	Service from the Governor and Company of the Bank of England, Number 2	- 1		
Nominal amount of 71474 Treasury Stock 2006 applied	£	Account (Participant mapher 5183) by the deadline for such deliveries on 25 April 1996, and we agree that the consideration to be imput in suspect of such delivery shall be the amount payable by us on the sale of such Stock in accordance with the	Daytim	a Telephone Number (in case there is	a qu
£1,000 and a maximum of £500,000 nominal of Stock		terms of the prospectus.	1		_
	£	IN THE CASE OF AN APPLICATION MADE ON BEHALF OF A THIRD PARTY. I/we have obtained and recorded evidence of the identity of each person on whose behalf I am/we are applying, and I/we will on demand make such		FOR BANK OF EN	GL/
		evidence available to the Bank of England or the relevant authority.	Box No.	Ext.	

SIGNATURE(S)

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The Stock will be registered on the Register, unless you wish the Smek to National Savings Stock Register (NSS is a maximum limit of £25,000 nomin Bank of Ireland, Belfast, in which (

be registered on the	NSS
SR) (for which these all of Stock) or at the case please tick the	BELFAS

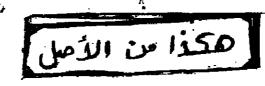
(a) A competitive bid may not be made by an applicant as agent for any third party tuniess the applicant is a member of the CGO or is a UK or EC regulated financial institution.

(b) Except in the case of members of the CGO Service who have com Section 3, a CHAPS payment must be sent to the Sterling Banking Office Bank of England (Sort Code 10-00-00) for the credit of "New Issues Bank of England (Sort Code 1000-00) in (Account number SE560009) quoting the reference "7HTY2005", to arrive not later than 1.30 pm on Thursday, 25 April 1996. CHAPS payments must be debited to an account in the name of the applicant (or an account in the joint names of the applicant and one or more others) held with a bank or ding society in the UK.

(c) A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "New Issues": and most be drawn on a bank in. and be payable in, the United Kingdom, the Channel islands or the Isle of Man. The Bank of England reserves the right to require evidence of the identity of any applicant for Stock or of any person for whom an applicant in acting as agent. As applicant lodging an application form in person should bring evidence of identity bearing the applicant's photograph (for example a passport) and evidence of the applicant's name and address from a third party, for example a recent bill from a gas, electricity or telephone company or a bank or building society

(d) The procedure for any refund, or further amount psychia, is set out in the

APPLICATION FORMS MUST BE SENT TO THE BANK OF ENGLAND. NEW ISSUES, PO BOX 444, GLOUCESTER, GLI INP TO ARRIVE NOT LATER THAN 10,00 AM ON WEDNESDAY, 24 APRIL 1996; OR LODGED BY HAND AT THE CENTRAL GILTS OFFICE, BANK OF ENGLAND, BANK BUILDINGS, 19 OLD JEWRY, LONDON NOT LATER THAN 10,00 AM ON WEDNESDAY, 24 APRIL 1996; OR LODGED BY HAND AT ANY OF THE BRANCHES OR AGENCIES OF THE BANK OF ENGLAND NOT LATER THAN 3.30 PM ON TUESDAY, 23 APRIL 1996.



Batch Number New Account No.

lex No. 705



Tesco increases market share as profits rise 14%

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stock buy-bad

Tesco yesterday signalled a more cautious dividend policy but announced a sharp rise in its market share to 13.6 per

The group also reported a 14.5 per cent jump in full-year pretax profits to £881m (\$1.03bm) excluding disposal losses, as it shrugged off the impact of

Its market share climbed to 13.6 per cent from 12 per cent, allowing it to surge past its main rival, J. Sainsbury, which was stable on 12.6 per cent. Analysts said Tesco was expanding its presence in non-food retailing areas, such as compact discs and videos. pharmacies and clothing, and taking an increased share of

the petrol retailing market. The group's shares slipped 3p to 287p, partly because of disappointment over changes to its dividend policy that are designed to free up funds.

Wheeling in the profits

maintain "progressive dividends", it said dividend growth would be closer to earnings growth than recently.

The group is planning to invest around £700m a year in the UK and Europe, a faster level of expansion than originally envisaged. It said it risked seeing its dividend cover fall below 2 times from 2.3 last year if it pursued this expansion while also pushing up dividends by 3 or 4 percent

age points more than earnings. The group is planning to open 24 new UK stores in the next year. It also wants to build on its presence in Europe, where it is active in France and eastern Europe.

Mr Tony MacNeary, food analyst with NatWest Markets, said: "Some fund managers are disappointed with the dividend move. There are concerns about what sort of returns the group is going to get on its investments in Europe."

Sale of European roof tile operations to German subsidiary Braas heralds period of change

Redland launches worldwide restructuring

Redland yesterday launched a restructuring of its worldwide building materials business with the sale of its large western European roof tile operations to Braas, its German subsidiary.
The UK group will receive

£220m (\$334m) cash and increase its stake in Braas from 50.76 per cent to 56.5 per cent. Mr Robert Napier, Red-land's chief executive, said the deal implied a value of £440m for the operation, which includes a large UK business and operations in the Netherlands, France, Belgium, Spain and Portugal. Braas, which last year gener-

ated more than 60 per cent of Redland's group operating profits of £368.4m, had an mplied value of £1.68bn. Redland cut dividends by a

third last year after failing to

tion tax liabilities and provide enough funds for expansion and capital investment. Mr Napier said the sale

would release cash from the German subsidiary and leave Braas to concentrate on running a unified European business accounting for 37 per cent of the region's pitched roof

Redland, which is expected to armounce the sale of its UK brick business this month, will be left to develop roof tile busi-nesses outside Europe and expand its large UK and US quarry operations. It has strategic stakes in roof tile groups in Thailand, Malaysia, Indon-esia, China and Japan, making about 500m tiles a year.

Wienerberger, the Austrian brick producer and market leader in Germany, is considered favourite of four potential operations. Money from the both sales

would be used to expand in developing markets and for bolt-on acquisitions of quarry companies in the UK and US. said Mr Napier. He ruled out a bid for Camas or Bardon, the UK's sixth and seventh largest aggregate groups and widely seen as takeover targets. He said they were too expensive at current prices.

The European roof tile busi nesses, to be run by Mr Erich Gerlach, Braas chief executive, will be renamed Redland Braas Building (RBB).
RBB will manufacture about

1.5bn tiles, generating an annual turnover of £1.3bn. It would be able to achieve big production and market benefits by operating under a common management. There were no plans for plant closures or substantial redundancies.

Following both sales, Redland expected to cut its net debt from £721m to about £270m-£300m, for gearing of between a fifth and a quarter.



Robert Napler: Proceeds will be used to expand in developing markets and to buy quarry companies

Further Hanson disposal with **Eveready SA sale**

Hanson, the industrial conglomerate which has announced plans for a fourway demerger, has sold Ever-eady South Africa, the zinc carbon battery maker, to Duracell, a leading ÚS battery maker, for R525m (\$131.9m).

The business, acquired with Berec in 1981, was Hanson's only battery concern and its only operation in South Africa. Hanson sold most of Berec's Emorean operations to Duracell in 1982 and sold Eveready UK to Raiston Purina, the US pet food group, in 1992.

Duracell has bought the South African business, with sales of R365m in the year to September 30, for its dominant market position. The business is believed to have net assets of about \$90m (\$59m) and commands about 90 per cent of the South African battery market. Duracell, with about 60 per

battery market, will retain the Eveready brand in South Africa on zinc carbon and layer cell batteries. It will eventually consolidate the Duracell alkaline brand, which has been on sale there for about two years, with the Eveready brand

The group said it had been approached by Hanson nearly a year ago with an offer to sell the business at a higher price. It said the acquisition, together with weakness in its European operations, would dilute earnings by about 5 cents per share in the year to June 30. Mr Christopher Collins, vice

chairman of Hanson, said the group, which has already raised \$2.9bn from the sale of Cavenham Forest Products and Suburban Propane in the US, had made "substantial progress" with its disposal programme in advance of the demerger. It is understood to be in talks for the sale of its Seven Seas vitamins arm. • Goldman Sachs has been appointed to advise Hanson on the demerger of its US chemi-cals interests, The US investment bank is the first of a string of advisers to be

weeks. Lazards is favourite to advise Hanson on the demerger of its energy interests and Schroders for the demerger of Imperial

Thornton Asian to decide on bid

RESULTS

The directors of the Thornton Asian Emerging Markets investment trust have until the end of tomorrow to decide whether to recommend the unsolicited £150m bid from rival investment trust TR Pacific.

Thornton will be reluctant to lose control of the fund with more than £150m under management, one of the worst performing trusts in its sector. Before TR Pacific announced its bid, the board, chaired by Lord Walker of Worcester, had already begun drawing up its own restructuring proposals,

probably to convert it into a

unit trust.
But Mr Peter Walls, investment trust analyst at Credit Lyonnais Laing, said: "I can't really see how the board are going to come up with any-thing better than the offer." TR Pacific will be sending

out its bid document on Friday. It is offering shares or cash. The cash offer is worth 98 per cent of what investors would be likely to receive on the wind up of the trust. The paper offer is worth about 2 per cent more than the cash offer. The share offer is at a premium of about 6 per cent to the market price.

(20.4) (82.7) (211.4) (22.6) (26.9) (0.05) (178.1)

227.7 26.4 28.5 0.16 212.7

HSBC Chillian Frenci → ______ Yr to Dec 31 1,553 (1,628) 7.231. (1.581. (1.5

Yr to Dec 31 ±

Compass in line for French victory

Compass, one of the world's biggest catering groups, remained confident yesterday that it would win the battle for control of Eurest France, the French contract caterer.

Eurest France's 55 managers, who own 33 per cent of the shares, but 58 per cent of the voting rights, were meeting late yesterday over three different offers for their stake.

Compass acquired a third of the shares when it bought Eurest International from Accor for £591m (\$898m) last July. The remaining shares,

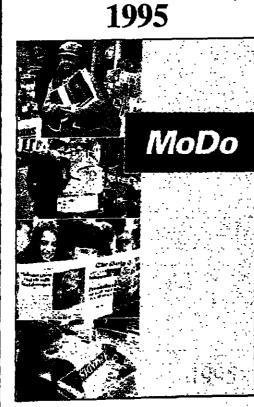
apart from a tiny number, are owned by Sodexho, the leading French contract caterer which also owns Gardner Merchant in the UK.

A third party has emerged as a potential buyer - Mr Robert Zoladz, who is a big share holder in Generale de Restauration, second only to Sodexho

in the French market. Sodexho is offering up to FFr694m (£89.7m) for the Eurest managers' shares. Combut is understood to feel that the £170m raised in last December's sale of its healthcare

MoDo

Year-end Report



Copies of the Annual Report are available at:

Citigate, 26 Finsbury Square London EC2A 1DS, **Great Britain** Telephone +44 171 282 8000

Mo och Domsjö AB (publ) P.O. Box 5407 S-114 84 STOCKHOLM Sweden

MoDo in brief SKr million 1995 1994 22,319 20,256 Sales Profit after net 1,825 financial items 5,216 Net profit after tax 3,671 1,328 12.3 Return on equity, % 28.5 Earnings per share, 83 30 kronor 17* 11 Dividend, kronor 0.41 0.81 Debt/equity ratio Capital expenditure 1,131 *Proposal of the Board of Directors

Annual General Meeting

The Annual General Meeting of Mo och Domsjö AB will be held at Grand Hotel Stockholm, at 4 p.m. on Monday, April 29, 1996.

Participation in Annual General Meeting Shareholders who wish to take part in the Annual General Meeting shall be entered in the register of shareholders maintained by

Värdepapperscentralen VPC AB by no later than Friday, April 19, 1996 and shall notify the company by no later than 5 p.m. on Wednesday, April 24. 1996 at:

Mo och Domsjö AB Legal Affairs Staff S-891 80 Örnsköldsvik, Sweden

Notification may also be made by telephone: +46 660 751 41 or by fax +46 660 759 78.

Shareholders whose shares are registered in a nominee name should temporarily register their shares in their own name with VPC by no later than Friday, April 19, 1996 to be entitled to vote at the Annual General Meeting.

Agenda of Annual General Meeting of Mo och Domsjö AB, to be held at 4 p.m. on Monday, April 29, 1996 ___

1. Election of chairman of Meeting.

Approval of voting list

Election of adjusters to approve the minutes

of the Meeting

Resolution concerning the proper convening

Presentation of annual report and consolidated financial statements, report of the auditors on the annual report and the consolidated financial statements; together with an address by the President

6. Questions arising out of the above reports

Resolution concerning the adoption of the parent company and consolidated profit and loss accounts and balance sheets

Resolution concerning the treatment of the company's unappropriated earnings as stated in the adopted balance sheet

Resolution concerning the discharge of the members of the Board and the President from liability

10. Resolution concerning the number of members and deputy members of the Board to be elected by the Meeting

11. Determination of Board fees and auditors' fees

12. Election of Board

13. Resolution concerning the appointment of an audit company or auditors and deputies, and election thereof

14. Board proposal to amend § 4 in the company's articles of association

Proposal of the Board for the amendment of § 4 in the company's articles

The Board proposes a 2:1 share split, whereby the par value of the shares will be altered from 100 kronor to 50 kronor. The date of record for the share split will be Thursday, May 30 1996, provided that the necessary registration of the amendment to the company's articles has been completed by that date.

The Board also proposes that the question of prior rights to new shares in connection with share issues be regulated in the company's articles in accordance with Chapter 3, § 1 in the Swedish Companies' Act.

Proposal .

(5.55) (5.09) (22.84) (3.13) (0.725) (2.721) (2.82¶)

(7.41)

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. VAfter exceptional charge.

20.21† 1.41† 22.2† 9.87

Shareholders who together represent some 70 per cent of the votes in the company have advised the company that they intend to submit the following proposals to the Annual General Meeting.

Item 10 Seven members and no deputy.

Item 11 That the Board fee remain unchanged at 900,000 kronor to be divided by the Board among those members elected by the AGM who are not employed by the company.

Remuneration of the auditors shall be on the basis of invoices received.

Item 12 The following members are proposed (all for re-election) Fredrik Lundberg. Carl Kempe, Hans Larsson. Arne Mårtensson, Bengt Pettersson. Per Welin and Christer Zetterberg.

Item 13 KPMG Bohlins AB, authorised public accountants.

Dividend _

The Board of Directors has proposed that a dividend. of 17 kronor (11) per share be paid. The Board has also proposed Friday, May 3, 1996 as the record date for the register of shareholders and the special list of pledgees etc. maintained by VPC. Provided the Annual General Meeting resolves in accordance with this proposal, the dividend is expected to be distributed by VPC on Friday, May 10, 1996 to persons listed in the register of shareholders or the special list on the record date.

Shareholders are required to inform their account operator of any changes of name or address.

THE BOARD OF DIRECTORS



Reuters will distribute funds to shareholders | Capel-Cure

Reuters, the financial information group, confirmed yesterday that it would distribute part of its £850m (\$1.29hn) cash pile to shareholders by

the end of the year. Sir Christopher Hogg, chairman, told shareholders at the group's AGM: "Be patient - it [the surplus cash] will come to you in some form or

However, Sir Christopher refused to provide any further details on the method of returning funds to shareholders, which analysts expect to involve either a share buy-back or a special dividend.

At the same time, the group announced that revenues had grown by 14 per cent in the first quarter of this year to £713m (£628m). Excluding the effects of currency movements, revenue was 9 per cent higher.

The figures were in line with warnings the group has given during the last year that it might not achieve a "double-digit" revenue increase in

Mr Peter Job, chief executive, said the consolidation of the financial services industry had led to a slowing in the growth of sales of information products. Transaction products had continued to do well.

The new 3000 range of information

products is to be launched at a threeday convention in Geneva this week. Predictions that Reuters might return some funds to shareholders have been behind the 27 per cent rise in its shares since the beginning of the year. They have also been buoyed

in recent weeks by speculation that the group would disclose its plans at yesterday's meeting. The shares closed down 2p at 749p, having dropped 21p at one stage, after no

details were forthcoming. Earlier this year the group stressed that the issue of share buy-backs in

the UK was surrounded by complex and time-consuming legal issues. In 1993 Reuters bought £350m of its shares through a tender offer, which allowed tax-exempt shareholders to receive a credit linked to the group's advance corporation tax. The Inland Revenue has refused to give clearance

would book an abnormal profit of more than A\$5m on

the deal, receive about A\$38m

cash, and be released from

Directors said they would

use part of the proceeds to buy back up to 10 per cent of the group's equity. Acquisitons

were being sought and areas for expansion included the

communications and enter-

tainment sectors, where it

bank guarantees of A\$43m.

management resist sale

Management at Capel-Cure Myers, the UK private client stockbroker, is resisting plans by its Canadian owner to sell

Canadian Insurance Group, which owns 95 per cent of Capel-Cure, has informed executives of the UK company that if wishes to renew its efforts to sell its interest to raise funds: But the Capel-Cure manage-ment, which owns the remaining 5 per cent, has refused to

The management is exercis-ing its right under the terms of a 1989 shareholders' agreement which precludes a sale without the approval of minority share-

"They have asked us but there has been no agreement," said Mr John Henderson, chief executive of Capel-Cure. "They will not sell without that agreement."

Canadian Insurance Group is a consortium of banks which took the stake in Capel-Cure after the stockbroker's original owner, Central Capital Corporation of Canada, went bankrupt in 1992.

Capel-Cure is one of its few remaining assets, and it has come under growing pressure to liquidate the holding and recover funds for creditors of Central Capital. Canadian Insurance has

appointed Phoenix Securities to advise on options. But it cannot formally man-date the investment banking boutique to sell Capel-Cure without the agreement of its

Despite reports that Banco Santander is willing to spend £40m acquiring the private cli-ent stockbroker. Capel-Cure said Canadian Insurance had assured it that no discussions, formal or informal, had taken

Southern rules out an offer for South West Water

By Patrick Harverson

Southern Company, the US-based utility which last year acquired Sweb, the Bris-tol-based electricity company, has ruled out a bid for South

According to sources close to Southern, the US group is about to conclude the purchase of a water utility but the target is a small foreign company out-

Speculation that Southern was planning an immediate

offer for South West, which is already the subject of two bids, yesterday pushed the water company's shares up 13p to

The speculation began after Southern confirmed it was considering selling up to half of its interest in Sweb as part of its normal strategy of finding minority partners for overseas

It is in talks with about six serious bidders - institutions and companies from the US and the UK - and a decision is

expected within two months. Market talk of a bid in the water sector was accompanied hy speculation that National Power, the UK generator, might receive a takeover approach this morning. Pacific Gas & Electric, the big California-based utility, was men-

tioned as a possible buyer. Pacific confirmed it was puruing opportunities outside the US, but said any investments would be on a small scale. National Power shares rose 31%p to 521%p.

BAe expands with AWA Defence buy for A\$54m

By Nikki Tait in Sydney and Simon Kuper in London

British Aerospace has bought AWA Defence Industries, the Australian defence electronics group, for A\$54m (\$41.8m). BAe said the purchase would further its expansion plans in Australia and south-east Asla. It would probably also help its chances of winning the A\$1bn contract to supply aircraft to the country's Lead-in Fighter Programme, to be awarded

this year.

the forward order book stands at about A\$300m. BAe Australia, employing 900, makes military vehicle assembly, avionics and defence systems, and had sales last year of A\$115m. AWADI was previously 70 per cent owned by AWA electronics group and 30 per cent

AWADI employs 700 and is

involved in such products as

missile decoy systems and sur-

veillance equipment. It expects

sales of A\$150m in 1996 and

by South Australian Superannuation Funds Management

designs betting systems, and interactive multimedia games. USD 10,000,000,000 EURO MEDIUM TERM NOTE PROGRAMME OF SOCIETE GENERALE, SGA SOCIETE GENERALE ACCEPTANCE N.V. AND SOCIETE GENERALE AUSTRALIA LIMITED

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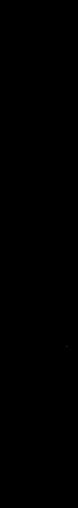
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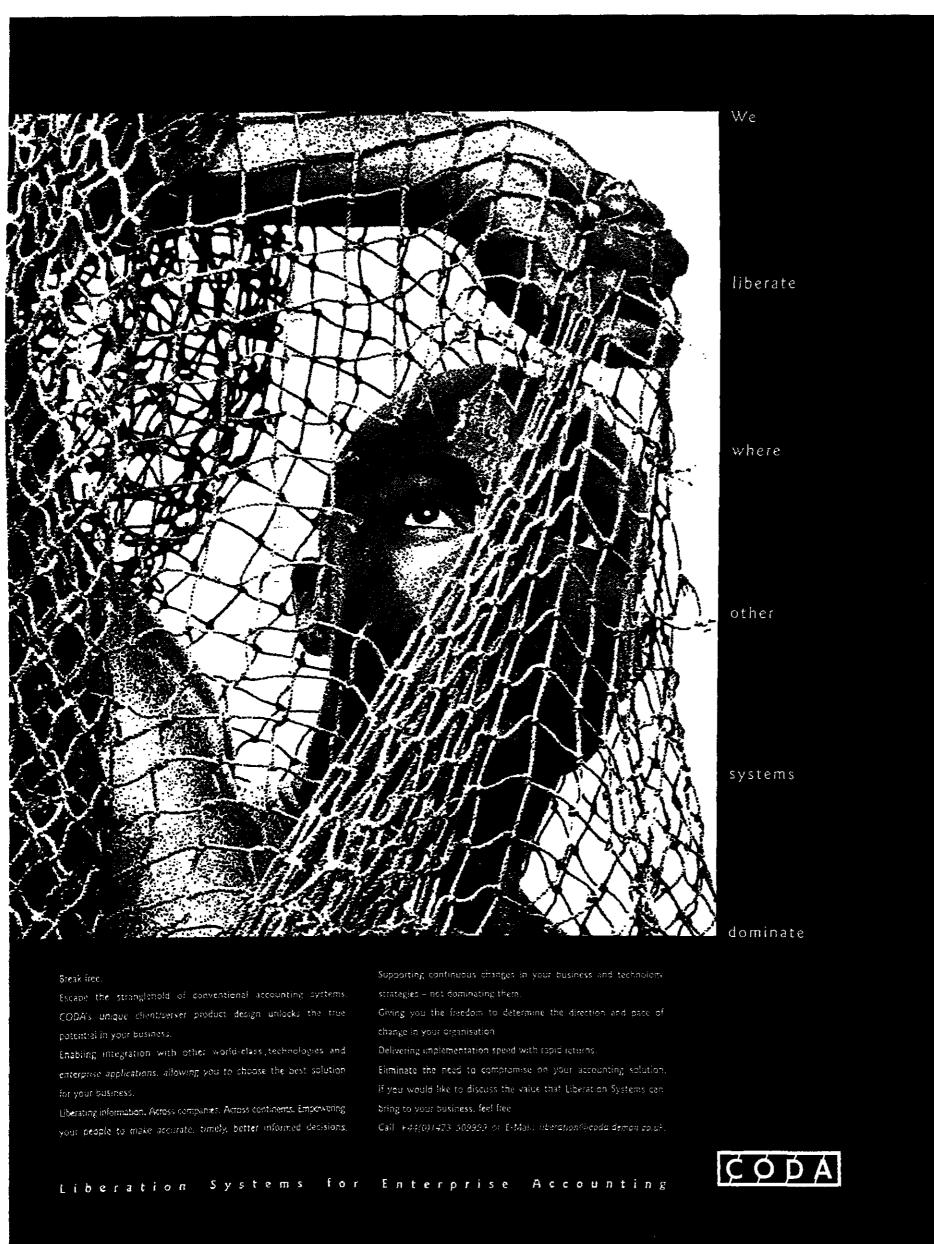
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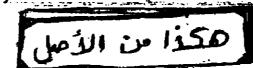
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COMMODITIES AND AGRICULTURE

Argyle diamond cartel decision expected in June

By Nildd Tait in Sydney

'apel-Cure

5000 Til

Ashton Mining, the junior partner in Australia's giant Argyle diamond mine alongside Britain RTZ-CRA group, yesterday told shareholders that the joint venturers were likely to decide in June on whether the mine should break with the Central Selling Organisation when the current fiveyear marketing agreement

The CSO, which is responsi-ble for more than half the world's trade in rough (uncut) diamonds, is controlled by the South African De Beers group. The Argyle partners have threatened to stop selling through the CSO and market directly, after expressing their unhappiness over CSO-imposed

price cuts and a deferred pur- the end of the previous quar-

At its annual meeting in Melbourne, Ashton said that Argyle management was due to meet with the CSO for further discussions later this month. But it also indicated that it was giving considerable thought to the alternative marketing strategy.
We are proceeding with

some vigour along that track at the moment," Mr John Robinson, chief executive, commented.

The current agreement expires on June 30. The company also said that the rough diamond market had been very buoyant in the first quarter of 1996, with prices for in the nearby mining large gens and Indian goods firming above levels reached at homes there damaged.

ter. "The main reason for the improved conditions was the reduced amount of Russian rough coming into the market," Ashton said.

 North, the Melbourne-based mining group, said that it had begun to restart mining operations at its Robe River iron ore facilities in the Pilbara region. The mine was closed last Wednesday, as Cyclone Olivia, the most intense tropical cyclone of the season, began to batter the Western Australian coast. The Robe River operations were the worst affected of the various mining interests in the region, with power being knocked out in the nearby mining town of Pannawomica and many of the

Lihir gold expects output boost

By Kenneth Gooding, Mining Correspondent,

Lihir Gold, which is developing one of the world's biggest gold mines in the mouth of an extinct volcano here, is now expecting a substantial increase to the output it predicted during its US\$450m flo-tation in October last year.

This would have a dramatic and beneficial impact on operating profits in the early years of the mine, according to Mr Andrew Vickerman, general manager, finance and administration, of Lihir Management Company a wholly-owned subsidiary of RTZ-CRA, RTZ-CRA, the world's biggest mining company, also has a direct 17.5 per cent stake in the Lihir venture, situated 700km north-east of Port Moresby, the capital of Panua New Guinea.

Mr Vickerman said about 80,000 extra ounces of gold would probably be produced in 1998, Lihir's first full year of production. This would take the mine's annual output up from the previously forecast 472,000 troy ounces to about first production to be from sul-

COMMODITIES PRICES

With operating margins expected to be about US\$150 an ounce, this would generate \$12m of extra operating profit. Production in 1999 would probably be about 675,000 ounces rather then the previously forecast 651,000. Mr Vick-

erman said Lihir also had about \$100m available from its own resources for further expansion and he expected this would be implemented within two years to add more than one third to forecast gold production. Lihir was now considering keeping its Brisbane-based engineering team together instead of disbanding it once

the mine was up and running so the team could work with data from actual mining to assess the most economical way of expanding with the available financial resources and capital equipment. Lihir previously announced it would add \$8.7m to the cost

of the project to process some oxide ore and produce 120,000 of gold next year while the original schedule called for

phide ore - which is more difficult to process - in December

1997. The oxide scheme would more than pay for itself said Mr Vickerman. It would enable three quarters of the process-ing plant to be tested six months ahead of the previous schedule and the workforce to be trained earlier.

This should enable a smooth start to sulphide one process ing. In any case, said Mr Vickerman, it was now clear Libir had been too cautious in its estimates about the performance of parts of the plant and therefore about potential gold production levels.

Mr Vickerman said a decision about further expansion would probably be taken within two years. On his present "ball park" calculations Lihir could use its \$100m to boost annual output to about 900,000 ounces. However to move production to 1m ounces would require extra spending on more capital equipment. Mr Vickerman was also bullish about the mine's long-term prospects and the chances of finding more gold on Lihir.

Gold project has a heroic aura for Tajiks

Karen Taylor on the opening of the Central Asian republic's Zeravshan development

ment down to a fine art," he

'This joint venture is a harbinger for all the others

to come. It brings us closer to the West.'

training for our people, bring-ing new levels of culture and UK and truck it in and we are ounces by the 2002.

elson Gold has a heroic sounding name and a little of the admiral's aura rubbed off on the investors and brokers who attended the opening of the company's Zeravsban Gold operations in Tajikistan, central Asia. Welcoming parties, dancing girls, singers and musicians, not to mention the deputy prime minister and his entourage, made it perfectly

plain that what might seem a nugget of a gold company in global terms - current capacity is around 60,000 troy ounces a year, working up to 80,000 - is a considerable gold mine for the Taliks. Postponing the new year cel-

ebrations in honour of the new project (the government has a 51 per cent stake and Nelson 49 per cent) deputy prime minis-ter Kholis Temurjanov extolled the virtues of such joint ventures and attempted to allay political risk concerns at a televised reception. With civil war still rumbling in the south of the country and Temurjanov's government the third in five years, these concerns were paramount among sceptical guests. But Mr Temurjanov was not going to allow political jitters to undermine the most important project the country

has.
"This venture is very important for our country," he said, "because the projects we are working on will last for a long

time. Gold reserves in the valley are around 1,000 tonnes. It is also important because this is a transition period for us from a socialist to a market economy. Furthermore this

real problem was with air freight, which is very much The latter, it has to be said, has been a major but not insurthe last resort. One potential investor was

mountable problem for the company. Solutions were sought to shape up the Tajik workforce. Installing a doctor on site was one way to ensure that an "epidemic" of athletes foot did not bring production Taror in March. to a halt. Image passes have also been introduced to eradi-

some workers were signing on for multiple salaries. With the 1,110 Tajik staff paid an average of \$45 a month (total package including assistance costs \$85, which far exceeds the typical Tajik wage of \$5), local pay is not a major issue. Improving labour effi-ciency with the aid of an experienced expatriate workforce has pushed costs somewhat

joint venture is a harbinger for been a major factor in cost

all the others to come. It brings over-runs in the CIS. "I think

us closer to the West, brings we've got the job of procure-

UK and America, and is also said. "Our philosophy is to

advanced technology from the

cate "dual personalities"

civilisation.

Understandably, the balance of expatriates to Tajik staff is one thing president and chief executive officer Glenn Lsing wishes to redress. Other investor concerns voiced included the cost and transport of spare parts and the actual quality and quantity of reserves Mr Laing believes freight has

getting it back in spades. The The European Bank for Reconstruction and Development is waiting in the wings, pending the feasibility study of Phase 2. Having had its fingers burnt at Newmont's Zaravshan Gold project in Uzbekistan and

exploration and development

in the company's "backyard"

to bring cash costs down from

the current \$235 ounces to

\$180-200 an ounce and could

see output at 400,000-500,000

running short of cash because

of a plethora of other projects,

it is particularly wary of cost over-runs and who will pick up

But a shaft of light through

"We are confident that the

detailed arrangements will be

finalised soon enabling the IFC

to become an equity investor

in the near future". The IFC

went on to say that it expected

to "work closely with ZGC

the tab.

unwilling to commit himself until he was convinced about reserve levels, reported at 6.68m ounces at Jilan and elson Gold has come

some way, however, since its founder, the the dense clouds that cluster entrepreneur Cameron Glover over the Zeravshan valley was stumbled across \$500m worth a declaration of intent by the of infrastructure in the Zerav-International Finance Corporashan Valley. The Soviets tion: "In performing our advidowned tools and walked away sory work, we have been when their empire collapsed extremely encouraged by the fearing political repercussions. positive and open approach of Raising \$11m towards an injthe government of Tajikitial \$25m funding, Nelson Gold, stap. . . Significant progress then British and Commonhas been made on vital subwealth Minerals, staked its jects such as export of gold, claim in 1994 and, to its credit, maintenance of offshore has started to produce gold. accounts, and security for It now has to raise a further

\$70m to start-up its second stage heap leach project adja-cent to the Jilan open pit and a further \$40m to develop the neighbouring Taror deposit, which could raise production to 300,000 ounces a year in 1999. Mr Laing expects further towards concluding the financ-

Mr Laing hopes that this will be financed 50 per cent by the IFC and the EBRD and 50 per cent by commercial banks. But will the latter have the stomach for a project that still has a high risk factor?

ing arrangements for the hear

leach project".

T. Hoare & Co. emerging markets analyst Matt Sutcliffe considers it a risk worth taking: "Once the elections are over in Russia in June people are going to realise that com munism isn't going to re-estab-lish control and that resource ventures in the CIS are incredi bly cheap. There is going to be an emerging markets boom in the area and a re-rating lof stocks] upwards

Mr Sutcliffe's counterpart at MC Securities, Raj Kohii was also optimistic: "Nelson Gold is a junior company which has been in the former Soviet Union for three to four years. It's in production now. It has raised \$60m entirely through the equity market. What other iunior company has done that (in the Former Soviet Union). On that basis alone, as well as on the technical merits of the project and the increasing confidence surrounding it, this

company deserves to do well". Although the EBRD's Bert van der Toorn refused to be drawn on his bank's intentions, a casual remark at the "New Year" street party may give reason for optimism. As he settled back to watch the dancing children and prepared to tuck into the spread of food prepared by the villagers he observed: "You have to take a

MARKET REPORT

LME base metals claw back some of their early losses

Base metals prices clawed back some late ground during after hours "kerb" trading on the London Metal Exchange yesterday, largely because of covering rallies in copper and alu-

Short-term trends suggested,

however, that further rallies metal in trouble," said one. "It orders under the \$1,600 level might be difficult to stage, particularly for ALUMINIUM are still calling for a move to which hit a 2%-month low of \$1.588 in the three months delivery position, and for

NICKEL, traders said.

is a reasonable close but we test \$1,550/1,555."

The skids were under aluminium from the outset after news of another LME stocks "Aluminium looks like a rise, with stop-loss selling

MEAT AND LIVESTOCK

■ LIVE CATYLE CME (40,000ths; cents/fbs)

eventually driving the market to its lows by midsession. Bargain-hunting buying and local covering in fairly active trading initiated a turnround during the afternoon.

Compiled from Reuters

JOTTER PAD

Aluminum	+8.150	to 786,225
Akuminum alloy	+920	te 81,720
Copper	-3,775	to 301,325
Lead	+760	to 90,350
Nickei*	-216	to 33,636
Z)nc	+200	10 624,875
Tin	~70	to 9,015

BASE METALS Precious Metals continued ■ GOLD COMEX (100 Troy oz.; \$/troy oz.) LONDON METAL EXCHANGE E ALUMENIUM, 99.7 PURITY (5 per tonne) 1599.5-600.0 1584-85 1559-60 Kerb close Open int. Total delity tumpver 212,628 90,907 E ALUMENTUM ALLOY (\$ per torne) Close Previous High/low AM Official 1372/1370 1370-72 1365-75 1330-34 5,038 420 III LEAD (\$ per torme) 804-805 820-22 799-800 811-12 799.5-800.0 801-2 38,045 9,832 MI NICKEL, (\$ per tonne 8185-90 8280-85 8205/8150 8150-55 8090-100 8185-95 8050-55 39,330 12,008 Open int. Total daily tumover IE TIN (S per torme) 8465-75 6470-80 6470-80 6435-38 Kerb close Open int. Total daily turns W ZINC, special high grade (\$ per torms) Open int. Total daily tumove COPPER, grade A (5 per tonne 2585-67 2591-93 2558 2550-51 172,352 82,335 Open int. Total daily turnover M LME AM Official E/\$ rate: 1.5095

PRECIOUS METALS M LONDON BUILLION MARKET

Sett Duy's price change High Low 118.80 +0.55 118.80 117.50 117.15 +0.66 117.20 116.70

+0.60 115.20 114.40

(Prices supplied by N M Ro Gold(Troy oz) \$ price 392,10-392,50 383,60-394,00 393,50 260.527 482.706 260.613 483.336 993.50 383 70-394.10 391.90-392-30 pp 392,80-393,20 an Gold Lending Rates (Vs USS)

____389 ____385 547.00 553.85 580.35 574.20 382.05 \$ price 393-395 403.45-406.00 90-96

398.3 302.5 28,907 103,649 398.4 394.5 614 21,155 400.7 397.8 41 5,343 402.9 399.5 662 24,824 403.0 402.8 5 5,128 30,328 203,822 PLATINUM NYMEX (50 Troy oz.; \$/troy oz.) 405.5 -1.3 415.0 415.0 10 405.5 -1.3 407.5 404.1 2,870 408.7 -1.1 411.8 408.0 163 411.5 -1.1 412.6 411.6 2 IN PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.) 136.95 -1.55 128.00 136.00 138.30 -1.56 138.70 137.50 **ENERGY** E CRUDE OIL NYMEX (42,000 US gails. S/barrel) 25.70 23.70 36,919 52,972 22.84 21.15 42,522 104,828 20.99 19.80 12,257 55,445 24.00 -1.08 21.40 -1.08 19.95 -0.82 19.05 -0.68 18.50 -0.59 M CRUDE Off. IPE (S/barre) - 21.98 21.27 14,249 14,754 M HEATRIG CR. MMEX (42,000 US galle; clus galle) | 93.50 | -3.12 | 53.65 | 53.00 | 10.772 | 22.527 | 17.793 | 52.55 | -1.61 | 53.65 | 53.00 | 10.772 | 22.527 | 17.793 | 52.55 | -1.61 | 53.65 | 53.65 | 53.65 | 1.492 | 5.618 | 52.50 | -1.26 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 | 52.50 Sport 1.5073 3 mathe: 1.5055 6 mather: 1.5037 9 mathe: 1.5020 23,499 97,914
 Sett price change High Low 901 let
 Option let

 178.75 -5.50 188.00 178.50 9,122 18,678
 118.60 +0.55 178.80 178.00 422 1,852 117.16 +0.65 117.20 118.70 74 10.57 116.60 +0.55 117.20 118.70 74 10.57 115.80 +0.60 — 4.56 115.80 +0.60 — 4.56 170.25 -3.07 177.50 189.25 4,939 11,925 185.00 -3.00 177.00 185.00 2,186 6,783 18125 -2.50 187.00 185.00 2,186 6,783 18125 -2.50 187.00 185.00 2,00 8,072 181.00 -1.25 184.20 180.75 201 2,500 181.25 -0.25 182.00 182.00 10 1,126 16,834 54,532 M NATURAL GAS WINEX (10,000 mages; Simores) Latest Day's Open Control of Cont 2385 -0006 2385 2385 2385 -0006 2385 2385 2385 -0008 2385 2390 2290 -0.010 2293 2290 2245 -0.013 2290 2245 2245 -0.011 2281 2245 5,448 26,112 4,036 20,846 730 15,230 836 13,456 771 11,122

-221 7250 89.20 13,483 24,748 -2.02 89.90 86.80 8.293 20,051

57.10 -21.2 58.50 58.70 12.50 51.70 50.00 13.303 50.00 13.70 150.00 13.70 150.00 13.303 50.00 13.70 150.00 13.303 57.50 1.122 3.721 55.20 -55.30 56.30 102 1.550

■ COCOA LCE (E/tonine MI WHEAT LCE (2 per tonne) 152 1,041 20 329 89 2,020 71 583 30 72 881 6,103 129,20 116,00 +0.25 116.00 115.75 117,90 120,00 121,80 +0.30 118.00 117.35 +0.50 120.00 119.50 - 122.00 122.00 IN WHEAT CST (5,000bu mirt cents/600b bushet) 598.75 -20.09 591.00 566.75 4,858 12,984 531.25 -19.50 555.00 530.75 22,807 58,801 530.00 -20.00 553.00 530.00 2,996 14,246 536.50 -20.00 555.50 536.50 6,025 14,604 525.00 -20.00 552.00 525.00 489 1,053 437.00 -15.00 451.00 432.00 216 982 444.50 -11.00 457.00 448.50 27,832 115,125 *444.59 -17.00 457.00 458.00 27.62.11.162 450.00 -12.00 458.00 538.00 48.89165.533 364.50 -12.00 375.25 364.50 8.471 52.738 322.00 -8.75 331.25 318.25 29.005 118.223 327.00 -8.25 335.50 325.00 169 1.253 327.00 -8.25 337.50 325.00 169 1.253 E BAPLEY LCE (2 per tonne) 113.90 +1.15 114.00 113.75 28 110.50 +0.35 110.75 110.50 28 111.50 - 112.00 112.00 22 113.70 - 117.00 115.00 -- 117.00 115.00 IN SOYABEANS (B) 6,000bu min; controlito buskel) 773.00 -16.75 780.50 771.00 10.547 47,316 782.25 -15.75 801.00 780.00 35,951 76,181 783.25 -15.75 801.00 781.00 2,088 9,608 789.50 -17.25 780.00 757.00 674 5,768 783.00 -18.75 782.00 780.50 16,397 68,051 M SOYABEAN OIL CET (60,000 lbs: center/fb) 25.88 -0.41 26.20 25.88 5,782 21,900 26.23 -0.44 26.60 26.21 8,179 45,647 26.41 -0.42 26.72 26.42 645 7,335 26.57 -0.41 26.82 26.70 345 2,665 26.96 -0.40 26.95 26.70 345 2,665 26.95 -0.47 27.25 26.95 (A80 13,402 E SOYABEAN MEAL CBT (100 tons; S/IDN) -47 29.0.5 244.0 8,882 22.821 -5.1 254.8 248.1 13,389 46,042 -5.4 255.0 248.8 2.025 8,501 -6.5 29.2 245.5 855 5,500 -6.3 249.0 242.0 184 3,167 -6.6 248.8 242.0 1,380 12,999 E POTATOES LCE (ÉAxinne) 1700 +50 1700 1700 2250 - - -1050 - - -1300 - - -1368 -62 1430 137.0 120 ---529 949 135 913 45 714 44 203 17 1,908 18 790 - 56 1445 1360 1300 1275 Close

GRAINS AND OIL SEEDS

Milnor Metals

Buropean free market, from Metal Bulletin, 3
per lb in warehouse, unless otherwise stated
fant week's in brackets, where changed, Antimony 98.6%, 5 per mone, 3.400-3.600, 8.4303.600, Blannath min, 99.95%, tonne lots 3.604.00. Cadmium: min, 99.95%, tonne lots 3.604.00. Cadmium: min, 99.95%, tonne lots 3.604.00. Cadmium: min, 99.95%, 135-156
(140-155) cants a pound. Cohett: MB line
market, 99.8%, 28.30-29.00 (28.30-28.80);
99.3%, 26.90-27.50 (26.70-27.30). Mercury:
min, 98.95%, 5 per 78 lb flests, 172-182
(170-180). Molybdensam drummed molybde
outde, 3.50-3.90 (3.60-3.90). Selenharte min
98.5%, 3.45-4.00. Tungsten over standard min,
55%, 3 per torne unit (10xg) WO, cit, 52-62.
Vanadisent min, 98%, cit, 2.38-3.10. Uranibus:
Nuesco exchange value, 13.50.

THE REPORT OF THE PROPERTY AND ADDRESS.

1338 1325 4,126 5,922 1365 1352 5,437 33,244 1380 1370 662 14,642 1397 1396 361 16,284 1409 1400 24 11,732 1415 1415 8 4,688 1409 5400 54,000 1327 1355 1372 1392 1406 1422 E COCOA (ICCO) (SDR's/torest) 1859 1832 1823 1813 1885 1850 2,804 12,353 1850 2,864 12,333 1820 1,870 9,118 1818 226 4,288 1806 81 2,397 1790 74 1,254 1768 25 802 1840 1824 1812 1798 1790 1768 1768 E COFFEE 'C' CSCE (37,500tos; cents/fos) 115.80 +0.75 115.95 113.35 4.391 9.285 115.55 +0.85 115.90 113.50 3,773 10.584 114.55 +0.15 115.10 113.50 456 4,444 114.15 -0.35 114.70 112.50 175 2,283 113.70 -0.75 114.70 114.10 25 530 1500... M COFFEE (ICO) (US cents/pound) Press. chary 185.12 105.99 IN WHATE SUGAR LCE (S/tonne) +42 413.0 393.2 1,155 1,506 -6.1 385.5 378.0 1,189 12.027 -0.7 345.6 345.0 104 5,656 +1.7 336.3 338.3 14 2,794 +1.7 326.5 325.3 34 1,713 +3.3 324.5 321.0 26 962 1,367 22,172 11.51 -0.16 11.22 11.50 5,965 28,225 11.11 -0.06 11.24 11.09 5,796 73,655 10.94 -0.03 11.00 10.93 2,251 33,410 10.76 +0.02 10.75 10.27 25,547 10.56 +0.02 10.75 10.57 672 5,547 10.58 +0.02 10.59 10.57 71 2,961 10.58 +0.02 10.59 10.57 71 2,961 11.50 5,565 22,555 11.109 6,796 57,965 10.33 2,251 33,410 10,76 1,227 20,595 10,57 532 5,547 10,57 71 2,561 18,584 148,644 83.17 -0.72 84.10 82.89 8.783 13.511 84.05 -1.20 85.40 83.90 8.361 21,242 82.25 +0.20 82.30 81.80 360 2.901 80.53 -0.01 80.60 80.34 1,852 22.254 81.28 +0.03 81.35 81.10 82 2.660 81.35 -0.05 81.76 81.70 37 1,095 82 2,560 37 1,098 17,537 65,863 # ORANGE JUICE NYCE (15,000lbs; centa/lbs) 130.20 -0.40 132.25 130.00 1,725 10,440 128.85 -0.55 130.40 128.70 888 5,622 127.85 -0.75 129.00 127.85 136 2,637 1,725 10,444 888 5,622 136 2,637 129 945 45 3,056 102 187 2,795 23,025 -0.50 125.50 125.50 +0.25 123.00 123.00 +0.25 125.45 125.45 Copper Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT,

INDICES REUTER\$ (Base: 18/9/31=100) Apr 15 month #90 2114.1 2140.7 **E CRB Futures (8856: 1967=100)**

Apr 12 month ago 213.12 198.50

Apr 12 month 990 260.17 248.27 ■ GSCI Spot (Bese: 1970=100)

Sett Bay's Price change High Low Vol 58.925 -1.5 60.300 58.925 1*,77*0 1,556 25,340 606 43,302 410 18,951 263 41,340 54 13,687 4,261 157,982 1030 1053 1021 1025 1036 1025 1047 1015 1024 1036 81.700 -0.65 62.225 61.250 2,378 25,254 63.775 -0.45 64.125 89.400 947 13,503 74.075 +0.375 74.500 72.800 1,381 73.925 +0.125 74.475 72.800 1,348 71.500 +0.95 72.450 70.500 291 88.525 +0.875 69.850 68.525 38 LONDON TRADED OPTIONS M ALIMANIAN Sep 147 84 42 May 6 39 111 E COPPER Mary 24 66 138 112 98 77 IR COCCA LCE -25 108 LONDON SPOT MARKETS \$17.02-7.12x \$21.10-1.16 \$19.30-9.35 \$21.40-1.45x M OK PRODUCTS N Heavy Fuel Oil Nephtha Jet fuel \$202-205 Diesel
NATURAL GAS (Pence/therm) D171) 359 8792 Gold (per troy oz) Silver (per troy oz) Platinum (per troy oz.) Pelladium (per troy oz.) 541,50c \$403,40 \$136,00 125.0c Leed (US prod.) Tin (Kunie Lumpus) Tin (New York) 45.00c 15.94r 304.50 Cattle (five weight) Sheep (five weight) Pigs (five weight)) 192,320 107.37p Lon. day sugar (raw) Lon. day sugar (wie) Barley (Eng. feed) Malza (US NoS Yellow) \$303.0 \$399.0 Unq 146.5 Rubber (May)♥ Rubber (Aun)♥ Rubber (KL RSS No1) 99.000 99.00p 364.00m Coconut Of (Phi09 Palm Oil (Maley.)§ \$750.0 \$560.0 Copra (Philis Soyabeens (US)

CROSSWORD No.9,045 Set by HIGHLANDER 7 Annoved Blackbeard? Off ACROSS sy's rather expensive 10 Holds edges of the dispatch agent of retribution (7) 9 Phoney American detective 11 It warns of burning wood and a realm destroyed (4.5) like Sam Spade (6) 15 Having many appearances on effectual one gets as much as possible from work (7) it over (9) Plant amphetamines carefully 13 Mature without being everlasting (7) (9)
14 Cook Sunday meal before 18 Speleologist has sense to folbeginning of month (5)

16 Fashionable attitudes provide

19 Severely criticise some peoexamples (9) ple's clothes (7)

19 One of the Animals has a 21 Deserter provided unknown factor to confirm (6)

vocal record in the list (9) 20 Feel very worried about young fish inside (5)
22 Not in boundary plan (7)
23 Can first couple from Germany colour slightly? (5)
24 Following previous partner. 25 Pursue revolutionary pace hat's gentle (7)

27 Resort gave boy no comment on ship's departure (3.5) 28 Shot on table that's burning away (2-3) 29 Medical expert hurt; I am too: legs need treatment (14)

2 First of visitors to enter, fresh out of money (9) 3 Lists repairs say, for parts of shoes (5) ! Children's high jump (9) Sky in the morning upset girl from the West Side (5)

Solution 9,044 EXODUS PRIORESS V 1 R C I P X T EPHESTANS PETER R A V S O R E MARK COLOSSIANS O W B R L I S RATMENT ESTRER E S W I L P SEWING PRONEER Position on the board for old

26 Progress with current surface

turn right (5)

conditions (5)

Irish gilts show strongest performance

International bonds traded quietly yesterday, as market participants awaited important events: a gilt auction announcement in the UK. tomorrow's fortnightly meeting of the Bundesbank's council and elections in Italy next weekend. But most markets managed to achieve gains in very thin trading.

UK gilts traded up but finished off their highs. Liffe's June long gilt future settled at 1052 up 52, after reaching a six-week high of 106%.

The Bank of England announced the details of its April 24 gilt auction. The decision to tap the 71/2 per cent gilt due 2006 had been anticipated by traders. The amount to be issued, £3bn, did not affect the market despite being at the high end of the range of expec-

According to Mr Andrew Roberts, a bond analyst at UBS Limited, demand should be relatively strong. "The 10-year maturity looks cheap at a yield

By Samer Iskandar in London of only 21 basis points under kers, is also bullish. He recommends taking advantage of the after a weak start. Liffe's June value relative to German bunds, at a spread of 175 basis points.

> ■ Irish bonds, which have been performing well lately, showed the strongest performance among European markets. The five-year and 10-year benchmarks, both paying 8 per cent coupons and maturing in 2000 and 2006, ended up 0.85 and 0.80, respectively, at 104.15 and 101.50.

Both issues were tapped earlier this week for 1£100m. The amounts, though modest, were oversubscribed, reflecting the fact that the Irish gilt market is "becoming more international and more liquid", said Mr Roberts.

The 10-year yield ended at 37 hasis points under that of the 10-year UK gilt, a three-year low. Mr Roberts believes this spread could continue to widen, to as much as 50 basis points, thanks to increasing interest in Irish gilts by international investors. Mr Daniel McLaughlin, chief

flatness of the yield curve, which makes the five-year spread over German bonds attractive at 140 basis points.

■ French bonds were also stronger. Matif's June notional future settled at 122,14, up 0.40 but in the cash market, the 10-year spread over bunds wid-

GOVERNMENT **BONDS**

ened by 1 basis point to 15 points. The strong tightening of this spread since the beginning of the year has been largely due to domestic buying of OATs for tax reasons. But the "effects of these transfers are due to end", said Ms Marie Owens Thomsen, chief economist at Banque Internationale

de Placement in Paris. A French bond trader said the OAT/bund spread was likely to remain between 10 and 15 basis points. "As soon as it tightens to single digits, Mr Daniel McLaughlin, chief the big players start to sell economist at Riada Stockbro- [OATs]", he said. bund future settled at 96.85, up 0.41. In after hours trading, it held above 96.50, an important technical support level according to traders. Although a rate cut is still likely, most traders do not expect the Bundesbank

to act this week. Ms Owens Thomsen at RIP believes a monetary easing tomorrow might even be perceived as irresponsible by market participants and trigger doubts over the stability of the D-Mark, one of the few events that could allow French OATs to further outperform bunds.

■ US Treasury prices were modestly lower in early trading despite signs that economic activity is far from robust. Near midday, the benchmark 30-year Treasury was ⅓ lower at 89∰ to yield 6.788 per cent, while at the short end of the maturity spectrum, the two-year note showed a fall of 1st to 100 st, yielding 5.919 per cent. The June Treasury bond future

Economists generally viewed

March industrial production Monday.

was down % at 110\$.

points. A \$500m seven-year facility for Nokia, the Finnish telecoms group, should also be coming to market soon. The facility, arranged by NatWest, UBS, Merita and Societé Génerale, has a margin of 17% basis

Bankers view the \$250m seven-year facility for the City of the market's appetite for Scandinavian names, in view of the fine margin of 10 basis points for the first five years, rising to 121/4 basis points for the final two years. German banks, for which the loan will be zeroweighted, are expected to be

Up to 5 years (24)

5-15 years (19) Over 15 years (9)

FT-ACTUARIES FIXED INTEREST INDICES

121,82 145,82 160,19 184,34

121.67 145.63 159.54 183.75

+0.12

Further retail-targeted short-term dollar deals

By Conner Middelmann

The eurobond market saw more short-dated, retailtargeted dollar deals following three such transactions on Monday. Despite the flurry of issuance, however, dealers said the paper was seeing smooth placement, thanks in part to high redemptions of dollar securities in coming weeks.

The US dollar is still app-

reciating, which is making reinvestment in dollars almost irresistible," said a dealer. Nearly \$10bn of eurobonds

are set to mature in May, and "considering all the recent deals have been quite small, they should get absorbed quite easily", he said. Moreover, after coupons on short-dated dollar paper fell as

low as 5 per cent in the first quarter, "investors are keen to lock in coupons above 6 per cent" following the recent pick-up in yields, another syndicate official said. However, unlike Monday's

ssues, which all achieved 6.25 per cent coupons on three-year maturities, yesterday's deals offered 6.125 per cent coupons and maturities of 31/2 years.

"The longer maturity enabled us to offer a better coupon and spread than we would have been able to do in three years." said an official at Deutsche Morgan Grenfell, which led a \$200m issue due November 1999 for Deutsche Bank Finance. The bonds were priced to yield 10 basis points over Treasuries at the re-offer

INTERNATIONAL BONDS

price.

Almost at the same time. Bank Austria launched \$200m of bonds due December 1999 paying 7 basis points over Treasuries. Since both issuers are rated triple-A, the latter deal was rather more tightly priced. However, Bank Austria is a very infrequent borrower in the dollar market, where it only has one other deal out-standing, lead manager Merrill

Lynch noted. Two floating-rate note issues also surfaced yesterday, both led by Chemical Investment Bank: \$150m of five-year bonds for Banque Française du Commerce Exterieur and \$150m of

10-year notes with a seven-year call option for Unibank, which was jointly led by Paine Webber.

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Meanwhile, Deutsche Bank Finance joined the recent flurry of Czech koruna borrowers with a Kelba offering of 10 per cent two-year bonds via Deutsche Morgan Grenfell.

The deal follows Monday's Kc2bn issue of two-year hands for the International Finance Corporation and last week's Kelbn offering for Bayerische

While most recent Czech koruna transactions have been swapped, Deutsche's issue was thought to have been left in the Czech currency, to be used for its banking activities in the Czech Republic.
Elsewhere, the Republic of

Brazil launched its first bond denominated in Portuguese escudos - Escl2bn of three-year floating-rate notes - and announced its planned debut in the sterling market, with a £100m three-year offering. Bra-zil has appointed HSBC Mar-kets as lead manager of the forthcoming issue, which is set to follow a European roadshow in early May.

Railtrack mandate puts BZW top of league table

By Antonia Sharpe

The £2.35bn credit facility for Railtrack, the British rail network which is about to be privatised, has propelled BZW to the top of Euromoney's widelywatched league table of euromarket loan arrangers for the first time in three years.

BZW, the investment banking arm of Barclays Bank, is the sole arranger of the 5%year facility, which was signed on April 9 by eight underwriters - Barclays, Credit Suisse, Deutsche, Fuji, Kredietbank, Midland, Royal Bank of Scotland and WestLB.

The facility, divided into two tranches, went into general syndication yesterday. Tranche A, amounting to £1.65bn, will

be used for general working capital purposes while tranche B, of £700m, will be used to finance the Thameslink 2000

Tranche A will carry a margin of 20 basis points over London interbank offered rate with

a utilisation fee ranging from SYNDICATED

LOANS 2½ to 7½ basis points and a commitment fee ranging from 81/2 and 121/2 basis points. The margin on tranche B is 20 basis points for the first two years and 32½ basis points

thereafter, with a commitment

fee of 8% basis points, rising to

15 basis points. The pricing on

tranche B reflects the likelihood that it will be refinanced in the capital markets at a

The loan is likely to be syndicated to about 30 banks, in addition to the eight underwriters - which are expected to retain a minimum of £100m each. The participation fees on the loan are: 10 basis points for £100m, 8 basis points for £75m, 6% basis points for £50m and 5 basis points for the minimum amount of £25m.

Other loans which are about to be launched to a wider group of banks include the £800m seven-year facility for National Grid, the \$2bn "bridge" acquisition financing for Abold, and the £1.2bn 9½year facility for TeleWest Communications, the UK TV cable company.

The £450m two-year acquisition financing for Kvaerner, the Norwegian engineering and shipping group, is expec-ted to be launched into general syndication tomorrow, provided the European Union approves its takeover of Trafalgar House, the UK construc-tion and shipping group, today. Scandinavian names are con-

tinuing to come to the market to bring pricing on their loans into line with current levels. Volvo, the Swedish motor vehicle company, is seeking to refinance a \$1.1bn seven-year loan taken out in December 1994. The pricing on the new facility, arranged by Enskilda and Handelsbanken, ranges

from 171/2 to 221/2 basis points, with a utilisation fee of 5 basis

data as indicating only slug-

gish economic growth, even

accounting for the downward

pull exerted on the figures by

per cent in March, led by a 9.9

per cent drop in car and truck

production. Excluding figures

on motor vehicle production,

manufacturing output was 0.2

Mr Ed Yardini and Ms

per cent stronger last month

Debbie Johnson of Deutsche

Morgan Grenfell in New York

said that "excluding the effects

of the strike, industrial activity

The only other piece of eco-

nomic data released vesterday also pointed to slower growth than the past two employment

figures have suggested. The

ditsubishi/Schroder Wertheim

index of chain store sales fell

Also weighing on the mar-

kets yesterday was a drop in

the value of the dollar against the yen and the D-Mark. In

early trading the US currency

was changing hands at Y108.25

and DM1.5110, compared with Y108.60 and DM1.5125 late on

still remains lacklustre".

2.3 per cent last week.

Industrial production fell 0.5

the General Motors strike.

points over Libor.

_	Amount	Coupon	Price	Meturity	Pees %	Spread	Book-repper
Bottower US DOLLARS	m.	76			76	рþ	
Bandai Coja j ijo	250	3.125	100,00	May 2000	2.25	-	Daiwa Europe
Bank Austrialsi	200	6,125	99.76R	Dec 1999	0.1875R	+7(5%- 98)	Memili Lynch/Miduo Europ
Deutsche Bank Financels)	200	6.125	99.572R	Nov 1999		+10(5%-96)	Deutsche Morgan Graniei
Unibank(b);	150	(b1)	69.72R	May 2006		•	Chemical/PaineWebber In
BPCE:	1,50	(4)	89.958R	May 2001	0.1758		Chemical Investment Bank
D-MARKS				-			
lelaba Ind Finance(d)	500	5.75	100.55R	Nov 2001	0.275R	+10(8)-96-01)	Morgan Stanley/Perioes
SWISS FRANCS							
32C+	125	3.50	102.25	May 2000	1.375	-	Banque Paribes (Sulese)
DePta Bank(e,s)	100	3.50	102,70	Dec 1999	1.75	•	Credit Sutate
Dasto Kogyor	6 5	4,00	100.40	Apr 2001	1.50	-	Sakura Bank (Schweiz)
HENCH FRANCS							
Ford Credit Europe	1,5bn	6.25	99.523R	May 2002	0.35R	+3 8 (?	Sangue Nationale de Pari
SCUDOS							
Republic of Brezilt	12bn	(1)	99.90R	May 1999	0.82R	•	Banco Clat/Banco Finantia
WEDISH KRONOR							······
CW international Finance	500	7.50	101.00	May 2000	1.625	-	ABN ATHO Hoere Govett

7.56 8.23 8.29 8.32

Apr 16 Apr 15 Yr. apr

8.19 8.27 8.26 8.33

2.43 5 yrs 2.79 15 yrs 3.48 20 yrs 1.47 kred.†

Apr 16 Apr 15 Yr. ago Apr 16 Apr 15 Yr ago Apr 16

8.27 8.33 6.33

7.64 8.29 8.33

Apr 18 Apr 15 Yr. ago

7.68 3.32 8,36

7.58 8.25 8.30

7,54 8,20 8,26

WORLD	BON	D P	RIC	ES																
BENCHM	ARK	GO	ÆR	NME	NT B	NDS					BUND	FUTURES	ОРТЮ	ns (Lif	FE) DIV	250,000	point	s of 100	%	
		Coupe		Red Date	Price	Day		Week		Str				CALL					- PUTS -	
Australia		10.00		12/06	106.4440	+0.07	<u> </u>		8.52	Pri 988		May 0.38	Jun 0.78	_	Ļd 58	Sep 0.91	May 0.23	•		-
Austria		6.12	5 0	12/06	97.4500	+0.25	0 6.4	8 6.52	6.47	97	00	0.15	0.52	Q.	39	0.72	0.50	0.8	7 1.64	1.97
Belgium Canada "		7.00 8.75		15/06 12/05	102,1200 107,0900				6.75 7.44	97: Est		0.04 tal, Calls 21	0.32 783 Pues			0,55 day's ope	0.88 int_			
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tail-targeted dollar deals

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MAN A THE MENT ISSUES

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MARKETS REPORT

Markets wait on Bundesbank council meeting

By Philip Gawith

i Foreign exchange markets had a fairly quiet day yesterday to bond market setbacks.

with the dollar failing to make

Sterling had a very unever any fresh headway and the ful day, closing little changed ton's visit to Japan, has re-D-Mark stable against most currencies.

b likely to be postponed until \$1.5082, from \$1.5078.

after the Bundesbank council The South African rand conmeeting tomorrow. There is some expectation that a fur- at R4.225, from R4.215, after 9 ther cut in interest rate might be announced.

The dollar closed in London at DM1.5096, from DM1.5104.
Against the yen it closed at y108.155, from Y108.375.

In Europe the lira encoun-n tered the first signs of political nerves ahead of the weekend elections. It finished at L1,043

against the D-Mark from L1,043 against the D-Mark from L1,041 Earlier it had slipped to han intra-day low of L1,046.

The Swedish krona, another "high-yielding" currency, also had an erraric day, finishing at 1,5 SKr4.471, from SKr4.466. Earlier it touched an intra-day low E lier it touched an intra-day low

of SKr4.4910. Analysts said the static dollar/yen rate. travails of these two currencies The combination of disap-

Sterling had a very unevent-DM2.2767, from DM2.2778. Any sharp moves are now Against the dollar it finished at

> tinned to slip lower, finishing at R4.225, from R4.215, after Mr Tony Norfield, UK trea-reaching an intra-day low of sury economist at ARN AMRO R4.25 against the dollar.

■ It was a day of mild disappointment for dollar bulls, with the US currency failing to make much progress. Mr Jer-emy Hawkins, chief economist at the Bank of America in Lon-don, said the upside for the dollar appeared to be capped by

Apr 16 £ spor 1 mile 3 mile 1 yr

illustrated their vulnerability pointing talks about opening insurance markets over the against the D-Mark at awakened concern that politics may again be about to raise its head in relation to the dollaryen rate. If so, markets would be reluctant to push the dellar

much higher. in London, said a tension had emerged in the US between the needs of the real economy, and the perception of markets. While markets are pessimistic about the outlook for inflation and expect higher interest rates, Mr Norfield said the Fed "was under no pressure to tighten US interest rates."

Following the fall in US industrial production reported the capacity utilisation rate of the US economy has returned to the level it was at when the Fed started to tighten interest rates in 1994.



Mr Hawkins said the dollar remained the main talking point on the markets, with the background very positive. This takes the form of the expecta-tion that US interest rates will rise, German rates fall, the Bank of Japan downplaying speculation about higher interest rates, and a G-7 meeting which is expected to send out the seal of approval for a stron-

DOLLAR SPOT FORWARD AGAINST

CURRENCIES AND MONEY

the focus of a fair amount of attention recently, slipping lower against both the dollar and the D-Mark. It has been common cause for some while ued, and that this is causing damage to the Swiss economy. At least some of this strength has been attributable to German investors buying Swiss francs to guard against the risk of monetary union pro-ceeding, with D-Marks being replaced by the weaker Euro.

Although there is much EMU optimism about at present, it is possible to interpret the strength of the D-Mark against the franc as a sign that inves-tors are not confident EMU will proceed. Mr Hawkins says: "Lurking in the inner core of this market is this scepticism that it is not going to happen." Mr Avinash Persaud, currency strategist at JP Morgan in London, puts a different

ger dollar.

gloss on the European story.

He says: "Talk of postponement and delay to EMU appears to have been replaced

by an emerging consensus around a small RMU starting in 1999 and growing large by 2002. That more realistic scethat the Swiss franc is overval- nario reduces the threat of the entire EMU project unravelling, triggering an aimighty flight of capital back into the D-Mark." It may be that this greater

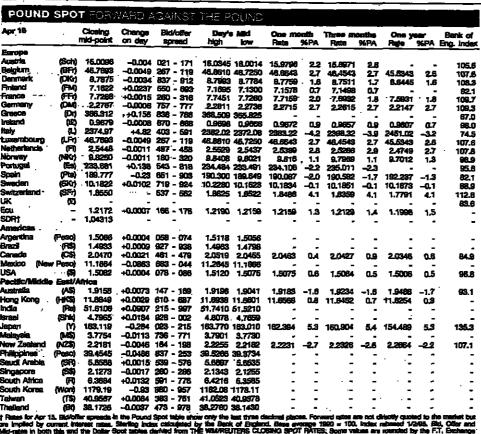
EMU realism will provide the necessary trigger for a weaken-ing of the franc, if it makes investors less inclined to abandon the D-Mark. Historically. the prospect of EMU has not always caused the franc to rise; the opposite was true in the early 1990s.

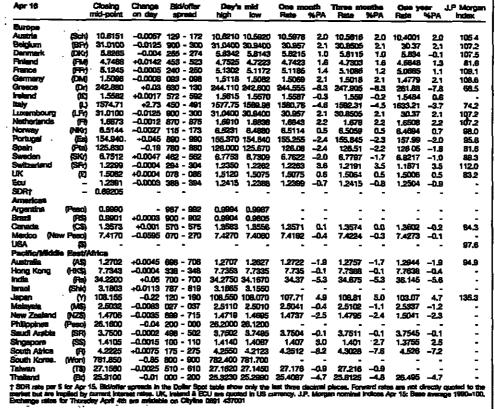
E OTH	R CURRIDICE	3
Apr 2B	2	3
Conch Ap	41.5987 - 41.6359	27.5890 - 27.5990
Hongary	219,732 - 219,924	145.730 - 145.780
	4525.80 - 4523 49	3000.00 - 3000.00
Kynesk	0.4523 - 0.4529	0.3000 - 0.3002
Poland	19535 - 1,9586	2,5220 - 2,5240
Russia.	742441 - 7432,57	4927.00 - 4927.00
UAE	5.5377 - 5.5412	3 <i>6727 -</i> 3 <i>6</i> 731

WORLD IN	TERE	ST R	ATES					
MONEY RAT				<u> </u>				
April 16	Över Degitt	One month	Three	Str. (74)18	One year	Lomb.	Dist. race	Rep
Belglum	33	34	3&	34	32	7.00	3.00	
week ago	34	34	34	31	315	7.00	3.00	-
France	3%	31	30	41	48	3.70	-	5.0
week ago	4	33	41	4	41	3.60	-	56
Germany	38	31	3 <u>1</u>	34	34	500	3 00	3.3
Week ago	31	34	34	34	3%	5.00	3.00	3.3
Ireland	54	5	51	52	54	-	_	6.2
week ago	57	51	5%	51/2	57	-	-	6.2
italy	9%	82	8%	9.2	91	_	8 00	10.00
week ago	88	91	92	92	82	-	9.00	10.0
Netherlands	28	23	20	23	3	-	3.00	3.3
week ago	3	22	23	2	34	-	3.00	3.3
Switzerland	12	15	12	13	2	5,00	1.50	
week ago	1%	. 12	14	16	150	5.00	1.50	-
US	514	5%	51. 5 k	. 53	52	-	5.00	
week ago	5%	5%		5.5	52	-	5.00	
-yeben	ş	3	%	s	۱ü	-	0.50	-
week ago			2	a	1		6.50	
S LIBOR FT Los	ndon							
Interbenk Fixing	-	523	51/2	54	511	_	_	
week ago	-	52	52	51	5	_	_	
US Dollar CDs	-	5.13	5.15	5.23	5.53	_	_	_
week ago	-	5.13	5.19	5.33	5.67	_		
ECU Linked Ds	_	4.	4	44	4%	-	_	
week ago	-	4	415	416	4%	-	_	
SDR Linked Ds	-	31	31	34	36	-	-	-
week ago	-	37	311	370	312	•	_	-
S LIBOR interbent flot at 17am sech working	ng nahadi sa G chay. Th	o offered or coined or	gine for S ye: Baris	ing Thet.	d to the : Bank of	merter by i Totopo, Be	SUF NATION	ince be

Westmington, Mid rates are since EURO CU		nestic Money	Peters, USS C	De, ECU A S		-
Apr 16	Short	7 days	One	Times	Srt	One
	term	notice	month	months	months	_year
Belgian Franc	316 - 372	3½ - 3¼	3 ¹ 2 - 3 ¹ 4	3¾ - 3¼	311 - 34	313 - 314
Danish Krone	474 - 318	4½ - 3¾	4 - 3 ¹ 2	4¼ - 3⅓	414 - 37	414 - 414

145.780	Danish Krone				4 - 3년	4 <u>0</u> - 313	46 - 37	44 45	
3000.00	D-Mark			- 3½ 3	- 34	3년 - 3년	3. 3.	311 37	
0.3002	Dutch Guilder				3 - 2]3	3 20	3 - 212	3,3 3,	
2,5240	Francis Franc	444	- 37, 31,		4 - 3%	线·雅	44.4	44	
4927.00	Portuguese &	sc. 75 ₉		- 715 7	7 7 7 1		75	773 - 773	
3.6731	Spanish Pese			- 753 7	33 - 713	7.4	7 7	-13 - 713	
	Starting				6 · 5½	6 51	6.4 - 6.5	613 672	
	Swas Franc				<u> </u>	13 - 14	174	2	
	Can. Dollar					54 - 41	54 54	5 5 5	
Morgan	US Dollar				2 - 532	512 - 513	5.4 - 53	512 - 514	
ndex	batan Lira	10%	- 94 BŽ		4 98	9, 9,	9. 911	0,1	
	Yen				1 ₂ - 1 <u>3</u>	14 · A	# - #	2 6	
	Addison SSing				2 - 13	24 - 24	212 - 212	2 g - 212	
1054	Short term rate	s are cal	for the US Do	ollar and Y	en, others t	NO DIENE 10	pce.		
107.2	E THREE	ICHTH I	MBOR FUTT	Mark DV	ATIF) Pane	interbenk (ffered rate (FFrSm)	
107.5		Open	Sett price	Change	High	Low	Est vol	Open et.	
81,6	Jan	95.69	95.86	-0.01	95.88	95.85	14.128	59.33:	
109.1	Seo	95.79	95.76	-0.01	95 79	95 74	6.865	50.347	
108.6	Dec	95.60	95.58	-0.01					
66. 5	D00	30.00	20.00	-0.01	95.60	95.57	2,629	28,749	
_ :									
74.2	A THREE M	DICTR 1			ES (LIFFE)	DM1m oo	ints of 100%		
107.2									
107.2		Open	Self price	Change	High	Low	Est. voi	Open at.	
98.0	Jun	96.78	96.78	-	98.78	96.77	16526	215581	
95.6	Sep	98.67	96.67	-0.01	96.68	96.66	28344	242967	
81.6	Dec	95,44	96.44	+0.01	96.45	96.41	29511	189425	
88.3	Mar	96.09	96.12	+0,03	96.13	96.08	15362	114600	
112.0	THREE N	IONTH I	TUROLINA I		LAFFEY L	.1000m oc	res of 100%		
83.2									
- 1		Ореп	Sett price	Change	High	LOW	Est vol	Open m:	
-	Jun	90.80	90.84	•	90.69	90.76	11454	39956	
	Sep	91.23	91.27	•	91.32	91.22	5051	22816	
- 1	Dec	91.30	91.35	+0.02	91.36	91.30	2681	17409	
	Mar	91.26	91 <i>.2</i> 9	+0.04	91.30	91.25	858	7799	
84.3	S THREE M	OKTH I	IURO SWIS	S FRANC	: FUTURE	# (LIFFE) S	Frim points	of 100%	
97.6	_	Open	Sett price	Charge	_	Low	Est. vol	Open int.	
94.9	Jun .	98.15	98.18	+0.03	98.19	98.15	2975	25659	
80.9	Sep	98.03	99.08	+0,06	98.09	98.03	3683	14720	
- 1	Dec	97.BG	97.63	+0,08	9 7.84	97.80	1549	10043	
- 1	Mer	97.49	97.53	+0.07	97.54	97,49	310	3095	
	A THREE !	I HTMO	UROYEN P	UTURE	(LIFFE) Y	IOOm point	s of 100%		
135.3									
٠ ا		Open	Sett price	Change	-	Low	Est. vol	Open int.	
- {	Jun.	99.18	81.99	-0.02	99.18	99.17	60	o.	
-	Sep	98. 8 9	96.80	-0.06	98.89	98.80	400	0	
- 1	Dec	98.50	98.59	-0.08	98.59	98.59	1668	0	
-	e three v	IONTH E	CU FUTUR	uri (JFF	E) Equips o	coints of 10	096		
-				_ - -				2-1-1-1	
- 1		Open	Sett price	Change	-	Low	Est. vol	Open int.	
- 1	Jun	95,58	95.61	+0,02	95.62	95.58	1597	8011	
-	Sep	95.58	95.57	+0.02	95.58	95.56	473	3714	
ed to the	Dec	95.37	95.38	+0.03	95.38	95.36	230	2823	
190=100,	Mar è	95.09	95.09	+0.03	95.09	95.07	193	1808	
	· LIFFE futures	also and	ed on APT						
1	, ,		-						





	-	Canada		(CS)	2.0470	+0.0021	ARH	- 470	2.0510	2.0455	2.0463	0.4	0.0407		2 20 40		04.6	~	-		4.00	-0.000	-	-	4.0000	
			(Name	Peso)	11.1884	-0.0863					20402	U,4	2,0427	0.3	20346	0.6	84.9	Cana		-{cs}	1.3573	+0.001			1.3583	
		USA	1,404						11.2845									Mex		w Peso)	7,4170	0.0595	070 -	- 270	7.4270	7.406
				· · · (59)	1.5082	+0.0004	. U/8	- 088	1.5120	1.5075	1.5075	0.6	1.5084	0.5	1.5008	0.5	96.8	USA		(5)	-	-		•	-	
		Pacific/M	ولكما															Paçi	ne/Midd	ie East/	Virice:					
		طلعينويية		(AS)	1.9158	. +0.0073	147	- 169	1.9196	1,9041	1,9183	-1.8	1,9234	-1.6	1.9486	-1.7	93.1	Aust	rafia.	(AS)	1.2702	+0.0045	698 -	706	1,2707	1.262
	٠.	Hong Kon	ng .	(H4CS)	11,6849	+0.0058	610	- 687 :	11,6938	11.6601	11.6568	0.8	11,6452	0.7	11.5254	0.9	-	Hone	ı Kona	(I+9cs)	7.7343	-0.0004	339 -	- 348	7.7353	7,733
	п	India	٠,	(Per	51.6108	+0.0907	215	- 997	51.7410	51.5210		_	-	-	-	-	-	India		(Ra)	34,2200	+0.05	700 -	700	34.2750	34.167
	П	Sreel		SHA	4,7965	+0.0184	1228	- 002		4.7659	_	_	_			-	_	bree	-	(Shiki	3.1803	+0.0113			3.1865	
		aparı		_(V)	163,119	-0.284				163,010	162,384	5.3	160,904	5.4	154,489	5.3	135.3	Japa	-	·	108.155	-0.22			108.550	
		Malaysia		DASS	3.7754	-0.0113				3,7730		-	100000	•	1017700	-		Mala		(MS)	2.5032		027 -		2.5110	
		New Zeeb		(NZ\$)	2.2181	-0.0046		- 198			****	~-			^~~~	~~										
										2,2182	2.2231	-2.7	2.2326	-20	2.2864	-22	107.1		Zeeland		1.4706	-0.0035			1.4710	
		Philippine		(Peso)	39.4545				39.5266		-	•	-	-		-	-		opines	(Pesc)	26.1600	-0.04			26,2000	
i		Seudi Are		(SR)	5,8588	+0,0015			5.6897	5.6535	-	-	-	-		-	-		Arabia	(SR)	3.7500	-0.0002			3.7 <i>5</i> 02	
1	<u>'_</u> ;	Singapora	3	(553)	2.1279	-0.0017				2,1255	_	-	-	•	-	•	-	Sings	SDOM:	(SS)	1.4105	-0.0015			1.4140	
- (South Ath	lca	(FQ	6.3684	+0.0132	59 1	- 776	6.4216	6,3585	-	-		-		-	-	Sout	Atrica	æ	4.2225	+0.0075	175 -	275	4,2550	4,212
:		South Kor	TERE.	(Worth	1179,19	-0.93	BED .	- 957	1162,08	1178.11	-	-		-	-	-	٠.	South	h Kores.	(Won)	781,850	-0.85	800 -	900	782,400	781.70
ì		Talwan		(15)	40.9567	+0.0084			41.0523		_	-	-	-	· . •	-	-	Takes		(73)	27,1580	-0.0025			27.1620	
:	_	Thellend			38.1726			- 978 - 9			_	_		_	-	_	-	Their		æ	25.3100	-0.01	000 -		25.3230	
i							-					E			-	-	o creativet byte					STANCE IN				
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:	i	de-cates in	both	this and t	te Doller	Sport motes.	derléte	from 114	WALFE	TERS CL	OBING SPO	RATE	S: Some V		rounded b	withor F.	T, Exchange					ers estate				
Ċ	i	ates for Th	wade	y Acril 4t	-	able on City	ding 08	91 437001				2.43							-					,		
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		0 - I - I	_	ØR	100	18.79	16.5	3 4.86	9 2.0	70 50	78 5.4	19 /	21.01 4	99.7	405.8	21,77	3.966	2.138	4.377	3.224	348.7	2,602	1 _			
		Belgium									708 2.89			85.9	216.0	11.58	2.111	1.138	2.329	1.716	185.6	1.385	11			
		Denmark	i	(DK)		10	8.79																11		TNC	ORPO
		TERRICO		(FR		11.37	. 10	2.94						02.4	245.6	13.17	2.400	1.294	2.548	1.951	211,0	1.575	11			
	- (Germany	•	(CM		3.859	3.38				X9 1.1			02.6	83.36	4.471	0.815	0.439	0.899	0.662	71.63	0.534	ш	. CC	NSTRL	CHO
		reland		(12)	48.32	9.079	7.98				154 2.6°			41.4	196.1	10.52	1.916	1.033	2115	1.558	168.5	1.257	11	TATO	TATION	I WAD
	- 1	taly		(L	1.989	0.370	- 0.32	5- 0.09	36 Q.O	41 .11	0.10	17 (2.414	1.840	7.992	0.429	0.078	0.042	0.086	0.063	8.867	0.051	11			
		Vectorium	ds	ĹĦ	18.38	3.453	3.03	7 0,86	5 0.3	80 93	SL2 1		J. 1861.	M.83	74.58	4,000	0.729	0.893	0.804	0.598	64.09	0,478	11	PUK	CHASE	
		VORWEY		(NK)	47.60	8.945	7.88	7 2.81	20.0	85_ 24	17 25	30	10 -2	37.9	193.2	10.36	1.888	1,018	2.083	1,535	166.0	1,239	11			ENI
	-	Portugel		Œ		3.760	3.30			14 18	11.0	19 /	1,204	100.	B1.22	4.356	0.794	0.428	0.876	0.645	59.79	0.521	11_			
		Soain		íPta		4,630	4.07				51 1.34			23.1	100.	5.364	0.977	0.527	1.079	0.795	85.93	0.641			rponated (
						8.633	7.59				33 : 25			29.6	1864	10	1.822	0.982	2.011	1.481	160.2	1.195	1 1	DS 64 A	uhenu) in i	й сири
		weden	_	SK														0.539	1.104	0.813	87.92	0.858	118	LJSAE	ETH *	hich is
		witzerio	nd.	(SFr)		4.737	4.15				290 1.87			26.0	102.3 188.8	5.488	1		2.047	1.508	163.1	1.217	119	KLATI	MOS TOU	RISM F
		ж		(2		8.788	7,72				75 2.5			33.7		10.18	1.855	1							en of Ski	
				(CS	22.85	4.293	3.77	6 1.11	12 0.4	73 11	60 1,2	13 A	1.800 1	14.2	92.72	4,973	0.906	0.489	1	0.737	79.68	0.595				
		Canada		(ovicios	- استوسا	
	7 (, is		5.826	5.12	5 1,51	0.6		1.8			55.0	125.9	6.751	1.230	0.683	1_357	. 1	108.2	0,807			of anicle	
		Canada JS		(5	.31.01			5 1,51	0.6		156 1_5	SO (55.0 43.3	116.4	6.242	1.137	0.663 0.613	· 1255	0.925	100.	0,807 0,746	2	000/199	l as modi	fied and
	٠.	Zenada JS Jepan			.31.01 28.68	5.826 5.388	5.12 4.73	5 1,51 9 1,36	10 TO.6	94 14		SO (1,024										2	000/199		fied and
	•	Sanada JS Jepan Jou	- F	(Y)	31.01 28.68 38.49	5.828 5.389 7.221	5.12 4.73 6.35	5 1,51 9 1,36 1 1,87	10 ~ 0.6 26 0.5 71 0.7	94 14 95 19	156 1_5	50 (51 - 8	3.024 1 3.073 1	43.3 92.0	116.4 156.0	6.242	1.137	0.613	· 1255	0.925	100.			000/199 outt of	l as modi	fied and

1	Belglum		Fr) 100	18,79	16.53	4,869 2.0	70 5076	5.442	21.01	499.7	405.8	21.77	3.966	2.138	4,377 8.2	24 348.7	2.602
	Denmark	(DI		10		2.591 1.1			11.18	265.9	216.0	11.56	2.111		2.329 1.7		1.385
	Françe		Fr) 80.51	11.37		2.946 1.2			12,71	302.4	245.6	13.17	2.400		2.648 1.9		1.575
	Germany	•	M) 20.54	3.859	3.394	1 0,4			4.315	102.6 241.4	83.36 198.1	4,471 10.52	0.815 1.916		0.899 0.6 2.115 1.5		0.534 1.257
	breland lasts		12) 48.32 (L) 1.989	9.079 0.370 · -		2.352 1 0.096 10.0			10.15 0.414	241,4 0.840	7.902	0.429	0.078		2.115 1.5 0.086 0.0		0.061
	italy Natherland	_	FI) 18.38	3.453		0.895 0.3			3.861	91.83	74.58	4.000	0.729		0.804 0.5		0.478
	DI	gN		8.945		2.318 0.9		•	10	237.9	193.2	10.36	1.888		2.083 1,5		1,239
_	Portugel		s) 20.01	3,760	3.307	0.974 0.4	14 1016	1.099	4.204	100.	g1.22	4.356	0.794	0.428	0.876 0.6	45 59.79	0.521
	Spain	įĖ	baj 24.64	4.630		1.200 0.5			5.177	123.1	100.	5,364	0.977		1.079 0.7		0.641
2	Sweden	. (51		8.633		2.297 D.9			9.851	229.6	186.4	10	1.822		2011 1.4		1,195
	Switzerland			4.737		1.227 0.5			5.298 9.825	126.0 233.7	102.3 188.8	5.488	1 1.855		1.104 0.8 2.047 1.5		0,856 1,217
	UK		20, 48.77 35 22.85	6.788 4.293		2.277 0.9 1.112 0.4			4,800	114.2	92.72	10.18 4.973	0.908	D.489	1 0.7		0.595
•	Canada	•	SS) 22.85 SS) .31.01	5.826		1.510 0.6			6.515	155.0	125.9	6.751	1.230		1.357		0.807
į	Jense		Y) 28.68	5.388		1.396 0.5			B.024	143.3	1164	6.242	1.137		1.255 0.9	25 100.	0,746
-	Eou		38.43	7,221	6,351	1.871 0.7	95 1952	2,091 -	8.073	192.0	156.0	8.365	1.524	0.B22	1.682 1.2	39 ' 134.0	1
	Danish Krone	, French Fr	ano, Norve	glen Kroner, i	and Swediel	h Kronor per '	IC; Belgien F	tenc, Yen, Ea	audo, Ura a	nd Peer	eta per 100.						
þ	:			-	194	•			m 141		E YEN PU		MAA Voo	12 5 nar \	/en 100		
	T D-HARM	FUTURE	- ` `-					<u> </u>							Low	Est voi	Open int.
		Open	Latest	Change	High	FDM	Est. Voi	Open Int.			Open	Latest	Change	High			
	Jun ·	0.6633	0.8853	+0.0019	0.6863	0.6629 0.6680	23,243 77	79,141 2,233	Jun Sec		0.9291 0.9440	D.9326 D.9430	+0.0035	0.9335	0.9291	12,972 152	76,449 2,141
- 1	Sep	0888.0	0.6689	+0.0017	0.6725	0.00001	15	193	Dec		0.9550	0.8550	+0.0036	0.9550	-0.9550	-5	1,068
	Dec	-	0.07 10	_													•
:	2 \$W158 F	RANC F	TURES (MM) SFr 12	5,000 per	SFr			2 511			S (MeA)	082,500 pc	<u> </u>			
	Jun	0.8148	0.8192	+0.0045	0.8208	0.8143	15,825	41,179	Jun		1.5062	1.5084	+0.0020	1.5094	1.5082	19,668	61,644
	Sep	0.8218	0.8262	+0.0043	0.8275		94	1,420	Зер		-	1.5070 1.5070	+0.0026	1.5080	-	3	96 32
:	Dec	0.8350	0.8340	+0.0053	0.8350	0.8340	. 5	854	Dec		-	1.5010	+0.0020	1.0070	-	3	 .
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	UK IN	14:14:	TRAI	25					Apr 16	3	Ecn cer			Change	% +/- from		
•	LONDO	N MOI	KEY R	ATES					I —			agein	est Ecu	on day	cen. rate	A Messice	
·	Apr 16		Over-	7 days	One	Three	Six	One	Spain		182,49		8.588	-0.216	-2.41	4.57	17
•	- Q - 10		night	notice.	month	months	months	Aen.	Notise		2.15214 39.396		2598 - .0590	0.00035 -0.017	-1.22 -0.88	3.30 2.92	9 6
	Interbenk Sta	dias	6 ¹ 2 - 5 ³ 4	616 - 578	6 - 5%	64 - 5社	6 ¹ 4 - 6	63a - 634	Belgin		13,438		.3736	-0.0084	-0.48	2.54	4
	Stering CDs	10.5	-	-	512 - 572	報 - 報	64.5张	64 - 64	Gents		1.9100			0.00114	-0.48	2.48	4
	Transport Aller		-	- '	503 - 503	5张 - 5路		-	Portus		195.79		5.169	-0.032	-0.32	2.37	2
	Bank Bills		-	-	5\$ - 5\$S	5종 - 5년	533 - 51 3		Denny	-	7.28580	75	4200 -	0.00274	0.77	1.26	-6
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1	Focal anthori		5남 - 5남	55 - 63	6 - 5%	84 - 51	6 ¹ 6 - 6	67 - 63	France	•	6,4080	6.4	5829 4	0.00283	0.82	1.22	-7 •4
	Discount Mar		513 - 51 <u>2</u> 6 - 5 ¹ 2	원 - 원 태 - 태	6 - 5%	8/4 - 518 -	6 ¹ 8 - 6	6.4 - 6.2	1	•		6.4	5829 4	0.00283	0.82 2.04	1,22 0,00	-14
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Sterling CI	Ds .			5찮 - 5칠	9월 - 5월	64.50	64 · 66	Germany	1,910		90187	-0.00114		2.48	
, Treasury B		-	- '	- 53	5弦 - 5弦 5弦 - 5设	587 - 5 11	-	Portugal	195.7		35.169	-0.032		2.37	
- Bank 846s		-1211	-15 -13	533 - 533 6 - 57	50 - 52 84 - 52	914 - 8 814 - 8	er ei	Denmerk	7,285		34200	-0.00274		1.26 1.22	
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- Are, tonder ster 29, 199	t dep. under 1:7 rate of discoul! (6. Agreed rate out Mar 1, 1986	t on Apr 12, for period A to Mar 29, 1	5.7955pc. E or 28. 1998 1995, Schen	10 May 25, 1 10 May 25, 1	ste Stig. Bepo 1986, Scheme 198pc, Finenc	et Finance, N LE & IL 7.35; to House Bas	laiks up day ic. Padarustë ia Pata 8.5pc	intio between	two spreads , and the ma	the percentant	tago dillera atted perce	nce betwee ringe device	n the actual m tion of the cun	erket and Ecu rency's market	25 mod eter
	, 1996 E MONTH \$							117/9/92 Sar	ELPHA S	7.0	TIONS 23	1,250 (cer	nts per pour	ed by the Fire ci)	
THE THEFT	E MOMIN >						Open int.	Strike			us			- PUTS	
è	Open	Sett price	Change	High	LOW		•	Price	Apr	M	By	Jun	Apr	May	Jun
Jun	93.98	94.00	+0.02	94.02	93.98	13253 13026	79724 55968	1,490	1.92	2,	43	2.82	0.27	0.85	1,34
Sep	93.82	93.86	+0.03	93.88	93.81 93.45	10277	5504B	1,500	123	1.	82	2.29	0.58	1.23	1.75
L Dec	93.45	83,49	+0.03	\$3.50 \$3.04	92.97	7069	39133	1,510	0.71	1,	32	1,60	1.08	1.73	2.26
ċ Mar	92.97	93.03	+0.04	92.63	92.57	2157	33963	1.520	0.36		32	1.38	1,71	2.33	278
i Jun	92.57	92.63	+0.05			£ 14*		1.530	0.14	Q.		1.04	2.51	295	3.43
better colA 3	OT APT. AL C	per interest	19E 10	bearing of	7 ·			Previous day?	rol, Calls 1	2,011Puts 4	,586 . Prev.	cpity, about	int, Calls 150	1,006 Puls 166	,886
ę.				224		ĸ									
M SHORT	STERLENG			SOULTHUN PE	TIES OF TOU	PUTS -		THE THE	MONTH E	RODOL	AR (9494)	Sim poir	tts. of 100%		
è-Strike		CAL		Dec .	Jun	Sep	Dec		Open	Latest	Change	High	Low	Est vol	Open int.
g. Price	Jun	Se			0.10	0.27	0.66	Í	94.53	94.52		94.53	94.51	52,204	389,770
9400	0.10	0.13	-	•••	0.27	0.45	0.85	Jun	94.39	94.35	-0.02	94.40		42,140	357,874
9425	0.02	0.0	-		0.51	0.68 .	1.06	Sep Dec	94.12	94.08	-0.03	94,18		79.674	341,022
9450	0.D1	0.0		.05				Dec	34, 14	34.00	-0.00		, ,,,,,	12,014	
_Est. vol. tota	el Cale 3654	Puts 6078. F	Havious day	7E 00001 ST.	(200 1000)	- Fut5 1 tt 11	. .	III US TRE	ASURY BE	L FUTUS	RES (LYNY)	\$1m per	100%		
L .							_		95.06	95.08	+0.01	95.07	15.05	725	9.096
<u>!</u>								TJUN ISep	94,91	94.87	-0.01	94.91		343	3,988
Ļ.	•							Dec	5-10·	94.65	-0.03		94.65	. 52	710
; 		D465		ING R	ATES			All Open inter			L CHRY		*		
		RASE	LEM	HITG IV				E EUROM	ARK OPTH	NES (LIFF	E) DM1m	points of	100%		
		4			inn		%	Strike		CAI				- PUTS ~~	
, Adam & C	Сопресу		enter Barik i	10	'CO 1007	l Sk of Scot		Price	May	יוחר		Sap	May Ju		Sep
In Lock or	ed Bank	.6.00 <u>2</u>		en Bank7	W 8010	r & Frieder	der 6.00	9675	0.08	0.10	0.10	0.13 (0.05 0.0	7 0.18	0.21
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				•		-		9125	0.13	0.4		#### ### #### '-	0.54	0.41	0.49

ASTIKA AKINITA ORATED COMPANY OF REAL ESTATE IONS TOURIST AND RELATED ENTERPRISES R THE DECLARATION OF INTEREST FOR THE THE ASSETS OF "SKIATHOS TOURISM HOTEL VTRRPRISES P.R. DERVENIS A.E."

ary under the title "ASTIKA AKINITA A.E." (Pane any under the title "ASTIKA AKINITA AE" (Patepisimiou 43, pack) as special justiculor of the hotel unit SKLATEOS PRINCESS is among the assets of the societe amonyme under the title 4 HOTEL BYTERPRISES PR. DERVENIS AE" with head offices, Mansispany of Skinthos, Prefecture of Magnista, by virtue of the 1, L. 1892/1990 as added to the law by the provision of article 14, L.

COURT OF Appeal of Larista.

INVITES all interested parties to declare their interest for the purchase of the hotel unit SKIATHOS PRINCESS ELISABETH which is among the assets of the societe anonyme under the title "SKIATHOS TOURISM HOTEL ENTERPRISES P.B. DERVENIS A.E.", and is a Luxuny Class hotel complex located in Agia Parastevi, Municipality of Skiathoa, Prefecture of Magnisia, isle of Skiathoa, by submitting within a term of twenty (20) days from the publication of the present a non-binding declaration of interest in writing.

The unit is simusted on the beach of Agia Parastevi, ut a distance of approx. 6 klm. from the town of Skiathos. The hotel unit bears the title "SKIATHOS PRINCESS ELISABETH". The hotel complex includes a Loxury Class Hotel with a capacity of 133 rooms and 264 The hotel complex includes a Loury Class riose wan a capacity or 125 rooms and are been, consisting of a central building, the restaurant building (covering area of approx. 5,000 sq.m.) and other anxiliary areas (swimming pool, tennis courts, etc.) plus electromenchical installations serving the operational requirements and security of the tourist unit, such as swimming pool, air conditioning, solar committators, kinchen installations, wesh-bouse, biological cleaning usuallations, telephone exchange, etc. The above complex has been crecard on a site with a total area of approx. 27,000 apm.

All parties wishing to declare their interest and receive a detailed offer memorandum and additional information, are kindly requested to apply to Mr. George E. Poimenides and Mr. Christos S. Agadhopoulos, Paospistimiou 43, 105 64 Attents, tel.: 326.6113 326.6111.

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EUROPEAN COAL AND STEEL COMMUNITY RESTURNED RELEASED Milition is heraby given fluid the next interest parted will be April 6th, 1936 to July 8th, 1936 (hatted or July 8th). Amount per FRF 19,000 - FRF 93,22 Amount per FRF 19,000 - FRF 93,22

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RESULTS OF ELECTION TO RECEIVE AN INTERIM DIVIDEND INSTEAD OF THE CAPITALISATION AWARD AND AN ELECTION TO SUBSCRIBE FOR NEW SHARES

The right of election to receive an interim dividend instead of an award of capitalisation shares ("the Capitalisation Award") and the right of election by those shareholders electing the dividend to apply the dividend in subscribing for new JCI shares ("the Subscription") made to ordinary shareholders registered at the close of business on Friday, 8 March 1996 ("the Record Date"), closed at 16h00 on Friday, 12 April 1996. The weighted average traded price of JCI ordinary shares on The Johannesburg Stock Exchange on Thursday, 11 April 1996 was R33,98, Accordingly, the Capitalisation Award and the Subscription for new shares was determined as a ratio of 0.765156 new shares for each 100 shares held on the Record Date.

Elections to receive the interim dividend of 24 cents per share in respect of the six months ended 31 December 1995 instead of the Capitalisation Award were received in respect of 86,586,830 shares. Accordingly, an interim dividend of 24 cents per share was declared on 16 April 1996 on 86,586,830 ordinary shares in respect of the six months ended \$1 December 1995. Elections to apply this dividend in subscribing for new shares in JCI were received in respect of 60,576,146 of these shares. An amount of R14,538,275 was therefore applied in terms of the Subscription. Accordingly, 944,614 new fully paid JCI ordinary shares of 0.000671579 cents each have been allotted in terms of the Capitalisation Award and the Subscription and the issued share capital of JCI has been increased to 150,478,341

The listing of 944,614 new ordinary shares of JCI will commence on The Johannesburg Stock Exchange from the

commencement of business on Wednesday, 17 April 1996. Cheques in respect of the interim dividend and shares sold for the benefit of shareholders, as well as share certificates, will be posted to shareholders on or about Wednesday, 17 April 1996.

17 April, 1996

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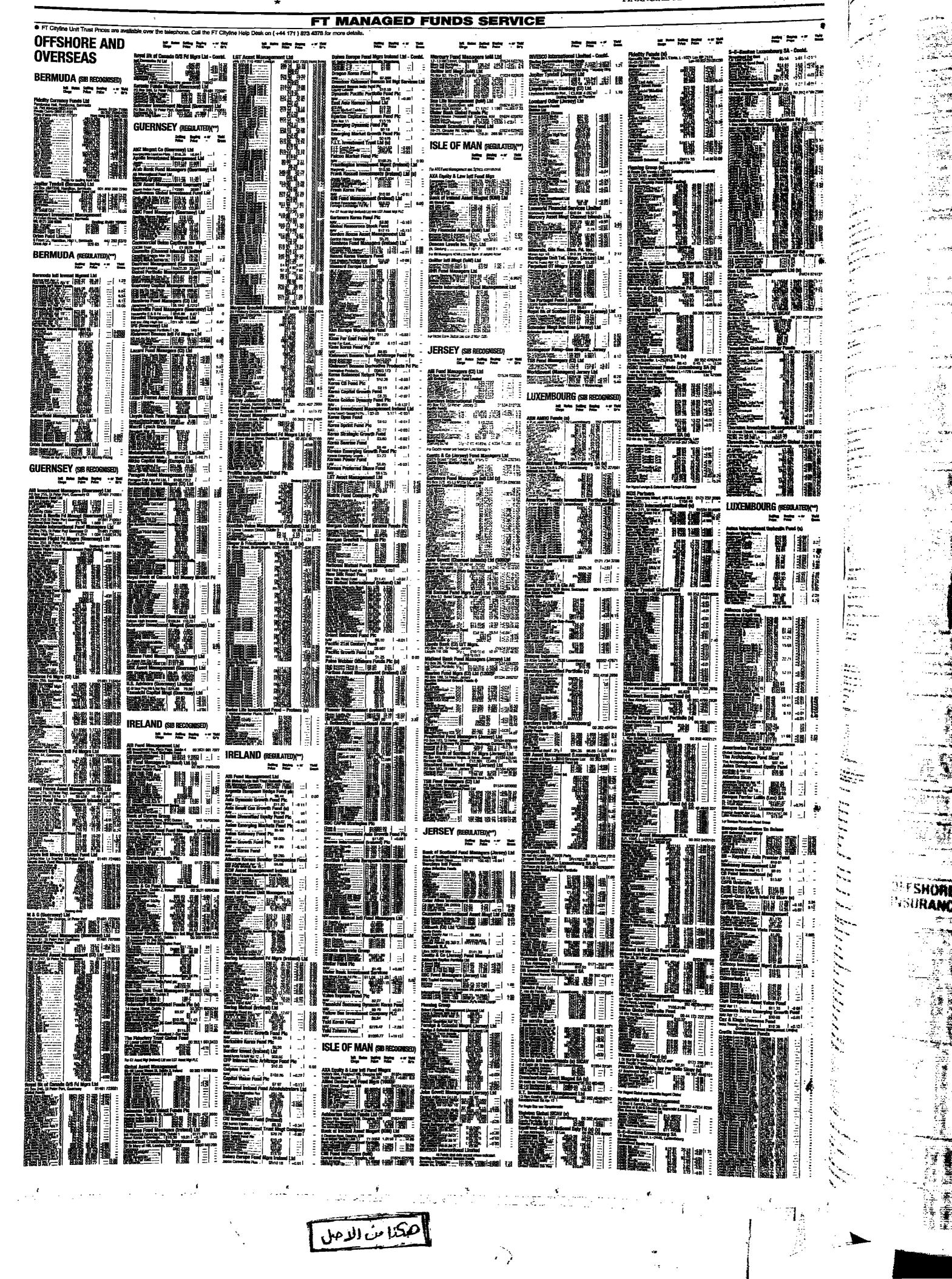
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DIGEST

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LONDON STOCK EXCHANGE

MARKET REPORT

Footsie powers through 3,800 to hit new peak

By Steve Thompson, UK Stock Market Editor

The prospect of a fresh wave of takeover moves, more positive news on the domestic economy, a new inflow of overseas money, and another powerful performance by Wall Street, saw UK equities surge to new all-time highs yesterday.

There was also talk that Goldman Sachs, the US investment bank, was still carrying out an exceptionally large buy programme. The programme is thought to have been running for at least two days.

The FT-SE 100 index, which has been struggling for some time to get through its previous record high,

sailed comfortably through the 3,800. noting that "the people that bought level to settle 34.8 up at a new peak" BET before the Rentokil bid were of 3,825.3. Over the past three trading sessions the Footsle has risen SLI, or just over 2 per cent.

Second liners were even more in demand, with the FT-SE Mid 250 racing up 41.8 to a peak 4,458.5, its fourth successive record. The FT-SE-Actuaries All-Share index hit a record 1,903.18, up 17.87.

Much of yesterday's takeover speculation was focused on the utilities areas of the market, especially on National Power, whose shares rocketed during the afternoon. National Power shares were bid up aggressively after the market closed, with senior marketmakers

buying National Power".

"The way the shares moved yesterday and judging by the weight of business in the traded options, I wouldn't back against a bid being launched," said the head of marketmaking at one UK broker.

Earlier in the session the bid spotlight was squarely on the water sec-tor, where talk of an imminent bid for South West Water was rife. Most dealers expected London's

upsurge to continue in the short term, especially if bid expectations

Strategists were impressed with

financial results.

pub trade. Bass was up 7 to 771p, Greenalls 7 to 599p, Scot-

tish & Newcastle 9 to 675p and

In the spirits sector. Guin-

ness rose 61/2 to 4701/20 and

Allied Domecq 6 to 500p, ABN

Ambro Hoare Govett pushing

both stocks. Grand Metropoli-

tan lost 2 to 4440; the market is

becoming more convinced that

price increases in the spirits

sector will stick, but in the

case of GrandMet, which owns

Pillsbury, the US food com-

pany, there is some unease

generally over US food compa-

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Whitbread 8 to 724p.

Jeffrey, group economist at Charter-house Tilney, said be expected the Footsie to reach 4,000 this quarter. But he cautioned that political constraints will affect the market dur-

ing the second half. Mr Ian Harnett at SGST Securities remained positive of UK stocks and pointed to London's substantial underperformance against other European markets since the start of the year. He expects the market to be driven by at least £20bn worth of bids in the UK this year, against last year's £32bn.

The market was in top gear from the outset of trading, responding initially to the 60-point overnight London's performance. Mr Richard gain in the Dow Jones Industrial

nomic news. The Royal Institute of Chartered Surveyors reported a big increase in activity in the UK housing market.

There was exceptionally heavy activity in the Footsie future and index and stock options. Turnover in the options market swelled to more than 86,000 contracts, with calls outpacing puts by two-to-one.

Adding to the market's optimistic mood was talk of a German interest rate cot.

Turnover at 6pm came out at 869.7m shares, with non-Footsle stocks accounting for 60 per cent of the total Customer business on

Courtanids feli 10 to 438p on

the back of cautious comment

from the chemical group's Aus-

trian rival Lenzing on the out-

look for the viscose market

above average volume of 9.4m

shares to push to 217p the

value of its share and cash

offer for rival support services

Dealings commenced yester-day on the AIM market in

demerged computer services arm of C.E. Heath, the insur-

ance broker. The stock opened

at 88p and progressed to close

the session at 97p. C.E. Heath

LONDON RECENT ISSUES: EQUITIES

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230 Cambridge Vitz MV 95 Capital Co's VCT

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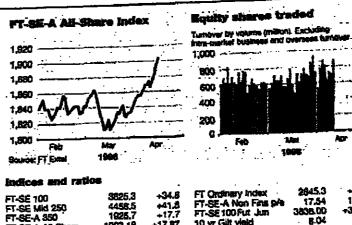
Jeffrey Brown, Lisa Wood.

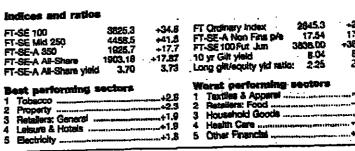
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group BET, 3% up at 211%p.

Rentokil gained 10 to 363p in

into the second half.





FUTURES AND OPTIONS

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E FT-SE MID 250 MOEX FUTURES (LIFFE) \$10 per full index point

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Mega bid surge at **NatPower**

Prospects of a mega hid within the utilities sectors were sparked by comments from Southern, of the US.

Initially, the comments made by Mr Bill Dahlberg, the chairman, on UK television were taken as a sign that one water company would be approached.

But Southern insiders told analysts its water company interest was outside the UK and a more dramatic story soon developed.

Rumour spread through the market that the US group could use the cash raised by selling half its holding in the old South Western Electricity to go towards a big push for National Power.

This was compounded by speculation that Pacific Gas and Electric, which showed an interest in ManWeb last year, was poised to stump up around £8.4bn in a 735p a share offer

for National Power today. An offer of that size would be at a 40 per cent premium to National's capitalisation and dealers added that National would be a big fish to digest.

But, they pointed out, the shares normally move in tandem with PowerGen. Yesterday National Power jumped 31½ to 521½p and when the partly-paid shares and options were taken into account almost 20m shares or their equivalents changed hands. In contrast, PowerGen rose 121/2 to 570p on volume of only 2.3m. under a cloud. They closed 3 Apr. 16 Data

Disappointment that cashrich Reuters Holdings did not announce a share buyback with its first-quarter figures

prompted a brief sell off.
After the headline statement there was a flurry of selling which sent the shares down 15 at worst and led to a spell of backwardation, the technical situation where bid and offer prices are temporarily

reversed.

However, with transaction income up more than 30 per cent, Reuters saying it hoped to arrange some kind of shareholder return by the end of the year, and analysts forecasting cash pile of £1bn-plus by then, the shares soon recovered. ABN Amro Hoare Govett was persistently buying stock at 740p a share and the stock closed only 2 off at 749p with turnover of 7.2m - at the top end of the daily average ahead of group presentations

to analysts in Geneva. Disappointment about a change in dividend policy at food retailing group Tesco hit the company's stock as it reported full-year profits in line with market expectations. Sentiment was further damaged by speculation that it may be considering a bid in

continental Europe. One suggestion was that an acquisition in Spain or bid for French group Casino. One disgruntled analyst said:

"Those that have been buying this stock for income are going to be disappointed." While brokers moved to upgrade profits expectations the range for the current year is now between £720m and

lower at 287p on turnover of merger between the two com-

The team at Kleinwort Benson downgraded its recommendation on the stock to "sell". saying: "The company's expansionary programme and change in dividend policy is regressive given the industry's

maturity. The retail sector has gone "berserk", said one analyst, commenting on the market's response to the strong retail sales trends for March.

Among the best performers, Dixons rose 17 to 506p, Oasis Stores 14 to 349p, Body Shop 6 to 155p and Storehouse 5 to

GUS, the fashion retailer, jumped 23 to 742p and Next rose 20 to 578p, both on relatively low volumes of trading. Analysts said that in both cases the "feel-good factor" was inflated by speculation that there was a "very real chance" of some sort of a

FINANCIAL TIMES EQUITY INDICES

Apr 16 Apr 15 Apr 12 Apr 11 Apr 10 Yr ago "High "Low 2846.3 2824.1 2804.4 2789.7 2802.7 2434.0 2845.3 2896.7 3.97 4.00 3.68 3.98 3.98 4.34 4.06 3.76 16.37 16.25 16.25 16.77 16.85 16.57 17.25 15.96 16.13 16.01 16.80 16.52 16.61 16.49 17.03 15.76

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Equity bergains?	-	40,905	38,486	37,65	0 41,656	32,07
Shares traded en/it	_	- 696.8	871.8	712	9 735 <i>.</i> 4	417.7

52 Week highs and lows LIFFE Equity options 1,033 384 1,357 £750m - the shares remained

nies where one of the giants. Philip Morris, has cut the price of its cereals.

Boosey & Hawkes, the North London musical instrument Property shares were boosted by a change of recom-mendation on the sector from maker, forged ahead 43 to end at 698p on the back of good Merrill Lynch. The broker Brewers and pub retailers moved its stance from "undergenerally were firm. The sentiweight" to "overweight", saying: "The climate will improve ment, said analysts, was that from here on for direct propincreased consumer spending would trickle down into the

Merrill Lynch favours Land Securities, which immed 13 to 651p in trade of 4m. British Land, up 20 at 422p on 3.4m dealt, and Hammerson, ahead 9 at 365p on volume of 5.4m.

News of big losses and a passed dividend from German cement giant Philipp Holz-mann cut the ground from under RMC, which has a big stake in the German economy and has run up sharply in recent sessions.

Much of the Holzmann debacle was the result of property problems, but the company's underlying message about German construction trends was far from encouraging. RMC puts out a results state-

ment tomorrow and gets around half of earnings from Germany. The shares tumbled to the bottom of the Footsie rankings, losing 33 at 1060p. Broker downgrades hit BPB Industries, which has lately been touching base with analysts. HSBC James Capel and Merrill Lynch cut back forecasts. The shares shed 2 to

Engineers mostly moved up with the market. Cobbam. added 18 at 549p following solid results and an upbeat appraisal from the group about orders.

Rolls-Royce and Smiths Industries moved ahead as a buzz about next week's analysts' visits to the US ran through the market. R-R rose 2 to 228p and Smiths 5 to 698p. ERF continued to harden on Apr 15 chg Apr Year Gross div 1E on day 12 age yield %

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Additional information on the FT-SE Actuaries Share indicas is published in Saturday issues.

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Financial Times, World Business Newspaper,

Intel figures give impetus to Nasdaq

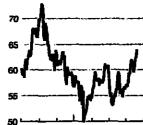
Wall Street

A strong earnings report late on Monday from Intel helped technology shares to jump in early trading vesterday, while other sectors posted more modest gains in midsession trading, writes Lisa Bransten in

In the early afternoon, the Nasdaq composite, which is weighted towards the technology sector, was on track to set a new closing high with a gain of 10.87 at 1,121.31. The Pacific Stock Exchange technology index added 1.5 per cent.

Intel's earnings of \$1.02 a share - compared with estimates closer to 98 cents a share - helped to dispel some of the worries about the semiconductor sector that have gripped the market since late





Oct 1995

last year. In early trading Intel's shares were up \$37 or 6 per cent at \$64.

Other rising chip companies included Texas Instruments. which rose \$1 to \$53%, LSI Logic, \$1% firmer at \$32%, Novellus Systems, \$3½ stronger at \$48%, and Lam Research, up \$2% at \$38%. Lam posted thirdquarter earnings 4 cents a share ahead of estimates at \$1.28 a share early yesterday

Sun Microsystems, a maker of computer work stations, also produced stronger than expected earnings late on Monday. Its shares added \$1 at \$50%.

The bond market slipped in early trading, helping to hold

At 1 pm the Dow Jones

Industrial Average was up 20.59 at 5,613.51, while the

Standard & Poor's 500 added

2.20 at 644.69 and the American

Stock Exchange composite rose

2.98 to 579.09. Volume on the

New York Stock Exchange

sector, much of yesterday's

activity was driven by quar-terly earnings reports. East-

man Kodak jumped \$3% or 5

per cent to \$73% after reporting first-quarter earnings of 80

ahead of the mean Wall Street

after posting quarterly earnings of \$2.61 a share, 16 cents a

share ahead of the mean esti-

mate. Johnson & Johnson

moved ahead \$1% to \$91% after

reporting profits of \$1.19 per

share, 2 cents a share better

Meanwhile, Genentech slipped \$1/2 to \$521/4 after falling

3 cents short of analysts' estimates with earnings of 31 cents

a share. And Charles Schwab which announced profits 2

cents a share below the mean estimate of 28 cents a share -

Toronto was in record setting

territory at midsession as ana-

lysts reported institutional

mutual fund money flooding

The TSE-300 composite index

was 23.47 higher by noon at 5,082.50, surpassing the intra-

dipped \$% to \$23. Canada

into the market.

than the mean estimate.

Chrysler added \$% at \$62%

a share, 5 cents a share

Even outside the technology

came to 259m shares.

Holzmann down as Frankfurt hits new record

In spite of low trading volume, active after local newspapers FRANKFURT set a new all-time high in late postbourse trade, helped by firm bund futures, but dealers felt that a consolidation phase was now in order.

EURÓPE

The IBIS Dax index reached an intra-day high of 2,548.59 in other sectors to more modest late trade, narrowly beating the previous all-time peak of 2,548.26. It then eased back to close at 2,547.32, a gain of 6.58. Earlier the Dax had finished at 2.538.38.

Philipp Holzmann went against the trend, dropping DM34 to DM510 on news that it is to omit its dividend after having promised a payout earlier this year.

BASF, up an Ibis DM3.30 to DM426, was lifted by specula-tion about share buybacks after the company had said on Monday that it would be keen to buy back its stock if German legislation were changed. Henkel was another chemical to do well, up DM18.30 to

DM588.30 on positive forecasts. PARIS was encouraged by a rise in the bond market, and hopes for another easing in domestic interest rates as the Bank of France made a technical cut in the call money rate. The CAC-40 index moved for-

ward 16.76 to 2.097.32 in turnover of FFr5bn. Crédit Foncier de France was

suggested that the government was trying to persuade a financial institution into taking over the troubled bank group. This would recapitalise CFF with some FFr12bn to FFr15bn. The stock finished FFr2.15 higher at FF162.65.

Michelin, up FFr4.70 to FFr249.70, was helped by good first-quarter results from Goodyear, which reported that sales growth in Europe and Asia had offset lower sales in its home US market. Bouygues went nst the trend with a loss of FFr1 to FFr512 as it announced that it would launch the country's third mobile telephone network at the end of May.

ZURICH was firmer response to the stronger dollar and still basking in Roche's good first-quarter results. However, activity was muted as investors were distracted by the UBS annual meeting being broadcast live on local television. The SMI index rose 17.9

IJBS bearers recovered from a low of SFr1,260 to close a net SFr5 weaker at SFr1,269 after the bank announced during its annual meeting that first-quarter net profits and cashflow were clearly higher

than a year earlier. SBC, still benefiting from switching from UBS and CS

FT-SE Actuaries Share Indices THE EUROPEAN SERIES 11,00 12,00 13,00 14,00 15,00 Close FT-SE Euroteack 100 1851.86 1850.87 1850.82 1850.98 1850.99 1851.12 1851.55 1852.07 FT-SE Suntrack 200 1712 61 1714.01 1713.64 1711.18 1711.98 1713.02 1713.12 1713.18 Apr 10 Apr 11 Apr 12 Agr 15 1636.25 1694.76 1840.35 1696.04 1651.24 1703.90 1643.23 1701.29

Book waters 1000 (27571050); Michaline: 105 - 1622.66; 200 - 1715.25 Lawrither, 100 - 1949.75; 200 - 1719.75; † Parilyi

1,734.05.

cent higher, driven by sharp

advances in Delhaize, the

retailer, and CMB, the shipper.

The Bel-20 index climbed 17.79

to close at the day's best of

BFr1,476, lifted by strong first-

quarter results from Food

Lion, its US subsidiary, which

contributes more than half of

its earnings. CMB, the diversi-

fied shipping group, leapt 7.1

ner cent after a newspaper

report bolstering its interna-

tional profile. The shares rose

BFT180 to BFr2.730 as analysts

said the stock was being "dis-

covered by foreign investors". STOCKHOLM was dragged

down by a late fall in Ericsson

after the company reported

that its order intake grew by 11

per cent in the first quarter of

1996, while invoiced sales

increased by 14 per cent.

The Affärsvärlden general

index relinquished 9.0 at 1,887.4

Delhaize jumped BFr38 to

Holding, rose SFr6 to SFr447.

Among cyclicals helped by the weaker Swiss franc, BBC appreciated SFT9 to SFT1.453. Sulzer rose SFr10 to SFr800 and Alusuisse moved ahead SFr34 to SFr1.425.

AMSTERDAM settled back slightly as profit-taking emerged. The AEX index slipped 0.77 to 548.23, after 550.49 earlier in the day. MILAN succumbed to nerves shead of Sunday's general elections, and with much of the

day's interest focused on Oli-

vettl ahead of the release of its

1995 results after the market The Comit index fell 6.36 to 613.75, while the real-time Mibtel index dipped 32 to 9,780. Olivetti was flat at LS47, in volume of 19.6m shares, with its announcement of a consoli-

dated net loss of L1.598bn coming in at the top of analysis'

kets. Brokers observed that

buying also resulted from

expectations that first-quarter

results from the banks and

financials could be better than

Bangkok Bank topped the

list of most active stocks in

terms of value and advanced

steep early highs, as profit-tak-

ing kicked in above the 11,000

finally 83.41 up at 11,032.98, off

an early 11,083,75, in turnover

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■ Derivatives in Fund Management **FINANCIAL TIMES**

Bloomberg Financial Market Commodities News

Barclays Bank PLC

TCAGF London Limited ■ Carrill Investor Services Ltd

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HONG KONG closed off

in 1995.

Bt6 to Bt256.

after eight consecutive ses sions of advances, and the allshare index finished 4.58 weaker at 796.96. Analysts noted that an easing in oil prices was the catalyst for the pullback

Orkia A was up NKr2.50 at NKr324 in a correction from recent weakness, helped by news of a brewing joint ven-VIENNA gave up strong

4 per cent to finish at SKr130. OSLO ran into profit-taking

early gains to finish lower and the ATX index turned back from a high of 1,099.4 to close 8.82 down at 1,085.72. Shares in Austria Mikro Systeme, the chip producer, physeed 9.7 per cent after the company announced a set of

1995 earnings that came in

below market expectations.

The shares ended Sch150 aker at Schl.400. VA Technologie bounced to a high of 1,406 after the group reported a 37 per cent increa in 1995 net profits, in spite of lower sales, before easing back to finish Sch5 ahead on the day

at Sch1.390. BUDAPEST extended Monday's gains as the BUX index d on to a new closing high. The index ended 37.21 up at 2.529.42, with foreign investors playing a strong part in jumped to Ft914.7m from Monday's Ft 641.800.

LJUBLJANA sank 6.25 per cent as uncertainty surrounded the country's largest mutual fund, Proficia Dadas, Reuters reports. The securities market agency recently started proceedings to prohibit the fund from trading, and brokers said the market's negative sentiment could continue until fresh information concerning Proficia Dadas became available. The SBI index incorporating seven shares fell 76.56 to 1,147.91 as turnover expanded

to 101.7m tolars from 56.6m. TEL AVIV was encouraged by the release of a lower than expected March consumer price index and equities moved up as fears receded about the prospects for a rise in interest rates in the short term. The Mishtanim index gained 2.2 or 1.3 per cent at 191.35 on turnover of only Shkeim, against Monday's Shk79m.

ISTANBUL surrendered nearly 3 per cent in heavy sales that followed the Treasury's TL1,106bn sale at higher lds in its 210-day Treasury bill auction. The composite index fell 1,923,50 to end at 66,119.37, after rebounding from a low of 65,640.

Written and edited by Michael

ASIA PACIFIC

Nikkei easier on profit-taking as Taipei drops 3%

Tokyo

Selective demand absorbed much of the day's profit-taking pressure from investment trust funds, but the Nikkei average closed marginally lower, led by large-capital steels and ship building stocks, writes Emiko Terazono in Tokyo.

day record of 5,066.8 set on February 15 and the previous The Nikkei 225 lost 14.87 at 21,868.17 after touching 21,866.36 and 22,077.87. Selling closing high of 5,059.69, seen on February 14. Volume was a heavy 62m pressure from domestic instituions heightened once the Black Swan Gold Mines, a index rose above 22,000, but penny stock, was very heavily foreign investors and domestic traded. It imped 60 cents to pension funds continued to C\$1.03 in volume of 20.3m support the market through shares on news of positive purchases of blue chips.

assay results from a Brazilian Volume was 725m shares, against 581.6m. The Topix Forestry products stocks index of all first section stocks were in demand. Repáp Entershed 3.68 to 1.679.33 and the prises rose 65 cents to C\$6.20 Nikkei 300 lost 0.63 at 310.97. and Avenor C\$1.80 to C\$22.55. Declines led rises by 608 to 475, with 150 issues unchanged. In London the ISE/Nikkei 50

index gained 1.20 at 1.453.37. on the futures markets in Chicago prompted arbitrage buying. Foreign investors placed buy orders across the board. but profit-taking by domestic institutions and index-linked selling by investment trust funds cooled investor confi-

dence towards the close. A strong earnings announce ment by Intel, of the US, supported high-technology issues. Sharp rose Y50 to Y1,800 and Fujitsu Y20 to Y1,060.

Mazda, the most active issue of the day, dropped Y35 to Y510 on profit-taking as expectations that its rescue by Ford would help earnings eased. Other car makers were mixed. with Toyota Motor down Y10 to Y2,340 and Honda Motor up

Y10 to Y2300. Nippon Telegraph and Telephone rose Y14,000 to Y820,000 on active buying by overseas investors who regarded the stock as undervalued. The rally followed an upgrade by Nikko Research Centre of the issue's rating from neutral to bullish. Other telecom stocks were also higher, with DDf up Y7,000 to Y873,000. Profit-taking depressed large

capital steels and shipbuilders. rose 20.67 to 1.351.69 on Bt9.3bn Nippon Steel fell Y6 to Y379 turnover. Brokers said liquidity in the and Kawasaki Steel lost Y8 to money market was high on a Y388. Mitsubishi Heavy Industries declined Y14 to Y935 and possible re-entry of fresh for-

Mitsui Engineering and Shipbuilding dipped Y8 to Y345. Fisheries, which were recently bought as laggards, retreated. Nippon Suisan fell Y30 to Y482 and Maruha was down Y21 to Y424.

Reports that the country's leading machine tool makers received a 28 per cent rise in orders last business year prompted buying in the sector. Tsugami firmed Y10 to Y589 and Okuma Y50 to Y1.220. In Osaka, the OSE average

moved up 32.81 to 23,288.87 in volume of 129.5m shares.

Profit-taking left TAIPEI 3 per cent down, but analysts forecast that the index would quickly recover and move to

in the first half of April, plunged 3 per cent or 184.24 to Brokers attributed the drop

to selling by foreign investors. but said it was a technical cor

Brokers added that yesterday's fall was triggered partly by the government's decision to allow its stock stabilisation fund to begin adjusting its

The fund, in operation since February 23, had bought as much as T\$70.2bn (\$2.6bn) worth of shares by early April to support the market at a time when Taiwan's relationship

that picked up to HK\$4.6bn.

Brokers noted that interest rate-sensitive banks and property counters strengthened on US bond vields' dip overnight. eign funds into Thailand after sting in neighbouring mar-

HSBC put on HK\$1 at HK\$117.50, as did its Hang Seng Bank unit to HK\$80. Sun Hung Kai Properties rose HK\$1.25 to HK\$74.50, Cheung Kong firmed 25 cents to HK\$55 and Henderson Land gained 50 cents at HK\$56. SINGAPORE saw demand

from foreign funds for indexlinked stocks, although volume was bolstered by trade in Malaysian over the counter

The Straits Times Industrial index rose 17.05 through technical resistance of 2,400 to finish at 2,401.40, led by Keppel Corp, up 40 cents at S\$13.

higher by further buying of blue chips, but the broader market was mixed as investors booked profits, particularly on speculative second board

The composite index gained

6.89 at 1,167.37, while the second board index closed 5.78 or 1.1 per cent down at 502.78 after hitting a new record high of 515.18 in early trade. It has jumped almost 200 points since the start of the year.

SEOUL closed slightly lower on a technical correction after three days of sharp rises, with the composite index off 0.36 at 907.73. However, volume remained strong, totalling 46.3m shares, although down from Monday's 48.1m. Analysts noted that a call by

US President Bill Clinton for four-way talks between North and South Korea. China and the US to revive peace efforts on the peninsula could help!

BOMBAY was boosted by foreign demand for blue chips. and the BSE-30 index finished 46.88 or 1.3 per cent ahead at 3,590.54. Analysts noted that the close of the weekly account on the national stock exchange had also triggered heavy shortcovering activity.

JAKARTA saw the focus settle on Japfa, a feedmill company. The composite irrex firmed 6.3 points or 1.02 ber cent to 619.26. Japfa forged ahead Rp275 or 15.5 per cent to Rp2.050 on reports of a link-up with a foreign company.

the IPC index was off 23.66 at 3,181.03, which was attributed to profit-taking after the mar-

Mexico takes profits

decline in interest rates at the Cetes auction to be held later in the day. But by midsession ket reached a record high on Brokers remarked that there

Mexico City see-sawed at the

opening on expectations of a

was a feeling that rates could

be reduced by up to 250 basis

SAO PAULO trod water as investors awaited a solution to the impasse in pension reform. The social security reform vote was put on hold after the Supreme Tribunal Federal approved an injunction suspending the congressional debate. The Bovespa index was off 244 at 49,980 by midday.

Ailing rand helps S Africa

Johannesburg shares ended a bullish day near their best levels as the ailing rand attracted foreign investors and local buyers jumped on the

The rand has fallen by about 17 per cent since the middle of February, sparking a flight of foreign investors from the market. However, dealers said vesterday that a number of foreign funds, followed by local investors, had returned after weeks of absence.

Gold shares, whose fortunes are more directly linked to bullion's movements and the value of the rand, were sup-ported, in spite of a dull bullion price, by strong gold min-ing quarterly results and perceptions that the rand would not recover soon.

The all-share index finished 116.1 stronger at 6,815.5,

industrials rose 135.8 to 8,258.3 and golds picked up 40.2 to 1.857.5.

Anglo American jumped to a record high of R280 before finishing R14 up at R277. De Beers rose R3 to R133.50 and Rembrandt R1.65 to R35.40.

Roundup

new heights. had gained almost 1,000 points

Analysts felt that the market would be boosted by increasing foreign investments if Morgan Stanley included Taiwan in its worldwide indices. Inclusion would prompt international fund managers to increase portfolio weightings for Taiwan to mirror the market's weighting in the MS index.

with China was tense.

BANGKOK improved by 1.5 per cent as the recently tight liquidity situation eased in the money market. The SET index

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NATIONAL AND REGIONAL MARKETS -			Ma	NDAY AF	RUL 15 1	996				- FRIDAY	APRIL 1	2 1996 -		00	LLAR IN	EX
	US	Day's	Pound			Local	Local	Gross	uş	Pound			Local			Year
		Change	Storting	Yen	DM	Currency	% chg	Dhr.	Dollar	Starting	Yen	DM:	Currency :		52 week	200
	Nobelet .	%	Index	Index	Index	Index	on day	Yield	Index	index	Index	Index	index	High	Low	(Sobbox)
Austrafe (81)	05.73	0.9	202.78	140.94	161.55		0.9	4.01	203.97	200.10	140.11	159.45		205,73	162.69	173.52
Austria (25)	B4 Q7	0.8	180.99	126.10	144.54	144.36	1.2	1.57	182.68	179.22	125.49	142.81		199,28	168.17	185.83
Belgium (33)2		-0.1	205.34	143.06	163.98	159.77	0.4	4 09 2.59	209.05 153.85	205.08 150,93	143.61 105.68	183.43 120.27		215,81 170,25	186.06 109.87	188.79 109.67
Brazi (28)1		0.0	151.27	105.39	120.81	280.30 158.02	0.D 0.9	237	159.48	156.45	109.55	124.57		160.90	134.14	138.51
Canada (99)1	50.90	09	15820	110.22	126.34 232.44	234.74	0.8	1.92	295.07	289.47	202.69	230.67		305.17	261.94	281.94
Denmark (30)2	98.01	0.3	291.05	202.78	138.10		0.7	2.84	175.78	172,44	120.75	137 41		276.11	171.73	183.63
Finland (24)1		0.1	172.93 190.63	120.48 132.82	152.24		0.7	3.03	194.18	190.50	133.40	151.8		196.88	167.70	181.76
France (97)1		-0.2		118.32	135.63	135.63		1.84	171.46	168.20	117.78	134.04		174.38	149.49	149.61
Germany (60)1		0.7	169.83		337.75		1.2 0.7	3.30	427.23	419.13	293.49	333.99		451.19	323.87	345.25
Hong Kong (59)4		9.7	422.92 262.92	294.66	209.97	242.08	1.2	3.43	264.72	259.70	181.85	206.95		267,91	220.31	222.89
Ireland (16)		1.0		183.18 52.05	209.97 59.68		0.2	2.17	75.75	74.32	52.04	59.22		207,91 B2.71	67.22	70.49
taly (59)		0.3	74.71				0.5	0.71	154.39	151.46	106 06	120.70		164.82	137.75	155.47
Japan (481)1	55 74	0.9	153 13	106.69	122.30			•	556.02							
Melayse (107)5	61.67	1.0	552.26	384.77	441.04	543.28 10296.21	0.8 1.2	1.81 1.35	1241.44	545.48 1217.88	381.95 852.80	434.67	539.03 10173.16	561.96 1259.57	425.77 791.99	487.54 896.40
Mexico (18) 12	59.57	1.5	1238.46	862.67				3.14	289.94		199.17	226.66				
Netherland (19)	91.19	0.4	286.32	199.48	228.68		1.0		81.03	284.44	55.66			291,80	237.18	238.01
New Zegland (15)		0.9	80.36	55.99	64.18	63.96	0.7	4.27		79.48		53.34		65,49	76.26	81.87
	34.12	0.0	240.03	167.24	191.69	215.94	0.4	2.42	244.15	239.52	167.72	190.87		244,15	215.04	216.64
Singapore (44)4	42.37	0.2	434.96	303.05	347.37	287.85	0.3	1.32	441.44	433.06	303.25	345.10		465.21	355.81	364,43
South Africa (45)	62.44	-10	356.37	248.29	284.60	333.91	0.7	2.53	355.27	359.32	251.61	286.33		437.76	338.91	344.16
Span (37)	72.97	0.3	170.07	118.49	135.B2	165.13	0.7	3.35	172.38	159,11	118.42	134.76		175.88	134.79	136.07
Sweden (48)	37.73	0.6	332.08	231.96	265.20	337.31	1.1	2.36	335.58	329.21	230.53	262.34		352,28	241.23	248.07
Switzerland (39)2	38.25	-0.6	234.26	163.21	187.08	181.72	0.0	1.55	239.65	235.11	164.63	187.35		252,34	182.77	182.77
Thailend (46)	83.40	0.0	180.33	125 64	144.01	180.23	0.0	1.81	1B3.44	179.95	128.01	143,40		193,95	134.53	139.28
United Kingdom (204)2	31.48	0.2	227.59	158.56	181.75	227.59	0.5	4.02	230.93	226.55	158.64	160.53		235.50	207.A2	208.30
USA (\$26)2	61.69	0.9_	25 <u>7-</u> 31	179.27	205.49	_261 69	0.9	221	259.44	254.52	178.22	202.82	259.44	269.11	206.41	208.11
Americas (773)2	39.26	Q.Đ	235.25	163.90	187.87	201.05	0.9	2.21	237.20	232.70	162.94	185.43		245,54	189.06	190,44
Europe (724)	07.39	0.2	203-91	142.07	162 85		0.6	3.01	206.97	203.04	142.18	161.80	181.56	209.03	180.30	180.34
Nordic (135)2	89.57	0.5	284.72	198.37	227.38		0.9	2.36	288.28	282.81	198.04	225.37	251.26	297,48	293.21	234.47
Pacific Basin (833)1		0.8	166.21	115.80	132.73	118.15	0.6	1.14	167.62	164,44	115.15	131.04	117.43	171.87	148.66	163.60
Euro-Pacific (1557)1		0.5	181.81	126.67	145.20	142.62	0.6	202	163.91	180.42	126.34	143,77	141.78	185.05	166.51	170,47
North America (727)2	55.42	5.9	251.14	174.95	200.57	254,69	0.9	2.21	253.22	248.41	173.95	197,95	252.60	262,26	202.03	203.68
Europe Ex. UK (520)	89.21	0.2	186.04	129.62	148.57	156.49	0.6	2.46	188.86	185.27	129,73	147.64	155.53	190,78	161.40	161.40
Pacific Ex. Japan (352)2	92.35	0.7	267.45	200.27	229.56	252.74	6.7	2.94	290.24	284.73	199.38	226.90		293,58	237.71	244.20
World Ex. US (1747)	86.07	0.5	182.95	127,47	146.11	145.84	0.6	2.03	185.10	181.58	127.15	144.70		186,17	167.36	170,76
World Ex. UK (2171)	GC 97	0.7	203.50	141.78	162.52	175.15	0.7	1.92	205.50	201.60	141.17	160.65		209,07	179.23	179.34
	38 GG	0.6	234.98	163.72	187.66	226.59	0.8	2.53	237.54	233.04	163.18	185.70		242.39	197.10	197.77
Alexander of the same of the s																
The World Index (2375)2	09.17	0.7	205.87	143.29	164.25	179.93	0.7	2.11	207.78	203.84	142.73	162.43	178.64	211,22	181.82	181.89

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